

2011- 2012

Annual Report



Abaqulusi Municipality



INDEX

<u>FOREWORD.....</u>	<u>4</u>
BY HER WORSHIP THE MAYOR	4
<u>FOREWORD.....</u>	<u>4</u>
BY THE ACTING MUNICIPAL MANAGER	5
<u>CORPORATE SERVICES.....</u>	<u>8</u>
STRUCTURAL ELEMENTS	9
DEPARTMENT'S STRATEGIC OBJECTIVES/GOALS/CORE FUNCTIONS.....	10
PROGRAMME ACTIVITY AND FUNCTIONALITY	11
PROGRAMME OVERVIEW.....	13
CONCLUSION.....	14
<u>HUMAN RESOURCES MANAGEMENT.....</u>	<u>15</u>
LEGAL REQUIREMENTS.....	16
<u>HUMAN RESOURCE DEVELOPMENT.....</u>	<u>17</u>
MANDATING LEGISLATIONS.....	18
<u>GENERAL ADMINISTRATION</u>	<u>28</u>
STRATEGIC OBJECTIVES.....	29
<u>INFORMATION TECHNOLOGY, COMMUNICATIONS & MARKETING</u>	<u>34</u>
<u>FINANCE DEPARTMENT</u>	<u>41</u>
ANNUAL FINANCIAL STATEMENTS - FINAL	44
<u>TECHNICAL SERVICES DEPARTMENT</u>	<u>181</u>
ELECTRICAL SECTION	183
ROADS & STORM WATER SECTION	185

WATER & SANITATION.....	188
CONTRACT MANAGEMENT SECTION	193
DEVELOPMENT PLANNING DEPARTMENT	200
PLANNING SECTION.....	201
<u>COMMUNITY SERVICES.....</u>	<u>204</u>
 SOCIAL SERVICES	 205
VRYHEID PUBLIC LIBRARY	210
PUBLIC SAFETY.....	226
REFUSE REMOVAL SERVICE PROVIDERS.....	255



By Her Worship the Mayor

Councillor Patience Khaba

Last year we gave an elaborate account of how we have moved since 2011. In our IDP Budget Road shows we indicated our achievements and challenges on critical economic and development indicators. In this Annual Report, we humbly submit to our people; whom we have served diligently thus far to further fulfil the promises we made when took over in 2011: We maintain that we remain fully accountable to the people.

The Annual Report therefore, will trace back our footprints to where it began, when we put before our people, a people's contract to create work and fight poverty.

The people have expressed their choice of government and we should all respect their choice. The task for all of us now is to get down to the business of doing that for which we have been elected, which is to bring more quality service delivery to our people in the most cost-effective and efficient manner.

Our governing purpose is to ensure that all the people of Abaqulusi have opportunity, services and security. We are concerned with achieving real changes in people's lives.

Our mission as the new Council of Abaqulusi municipality is to provide innovative and strategic leadership for service excellence, good governance, integrated planning and sustainable development.

Our municipality will continue to pursue creative and innovative ways of improving the financial, administrative and service delivery capacity, particularly in the area of Integrated Development Planning, financial management and revenue collection. We believe that services such as water, electricity, roads ,sanitation and refuse removal are indispensable in making an immediate and positive impact on the lives of our people.

I wish to take this opportunity to convey my appreciation to the staff and management for their commitment and dedication to service delivery.

I thank you

PATIENCE KHABA
COUNCILLOR

FOREWORD

By the Acting Municipal Manager

TL Manda

The following report represents the achievements and difficulties faced by the AbaQulusi Municipality; the municipality's main focus is improving Service Delivery and Development within the municipality's jurisdictions.

This report is a true and correct reflection of work done by the municipality, however I was not in control of the Municipal Administration during this financial year.

The key performance areas are as follows:

- Basic Service Delivery and Infrastructure
- Municipal Financial Viability and Management
- Municipal Transformation and Development
- Local Economic Development
- Good Governance and Public Participation

Regarding Service Delivery I feel our Municipality is working at an acceptable rate. There has been a lot of development regarding the Local Economic Development with the Municipality.

The Municipality plays an important role in community building initiatives through its participation in sports programs and other social activities.

As the Acting Municipal Manager I have no doubt that the Annual Report has been compiled in line with the Local Government Municipal Systems Act 32 of 2000 and the Local Government Municipal Finance Management Act 56 of 2003 and the National Treasury Circular No. 11.

I would like to extend my gratitude to the Political Leadership and Staff of the AbaQulusi Municipality for their contribution to the Annual Report.

Vision

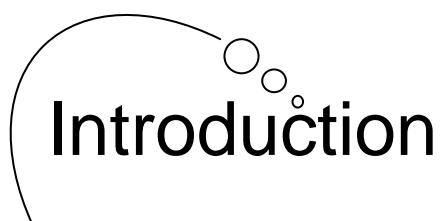


Mission

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CORPORATE SERVICES



Introduction

Corporate Services is a logistic hub of the Municipality. It provides working tools e.g. Human capital, working equipment, stationary, support to Council, legal service and facilitation as well as the management of council land and property. This department is accountable to the Accounting Officer who in turn is accountable to the Municipal Council for the manner in which it performs its tasks and utilises public funds.

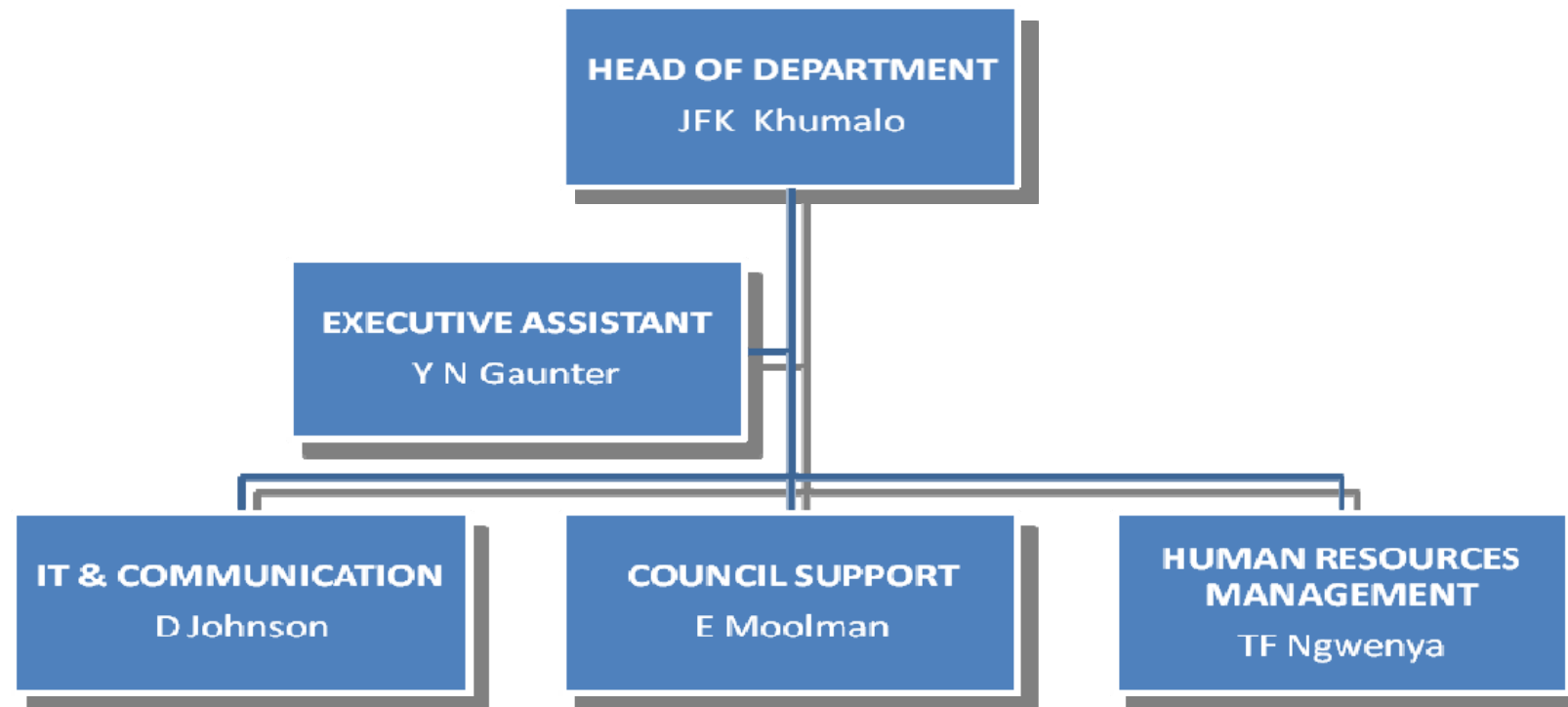
Corporate Services is comprised of three sub-divisions being namely General Administration, Human Resources Management and Information Technology & Communication. General Administration's main core responsibility is the provision of Councillor Support, Main Registry which serves as the nerve centre and operational pulse of the municipality, provision of Office Accommodation, enhancing public participation and management of ward committee system and lastly Land Utilisation and Disposal. Whereas, Information Technology & Communication is the provision of information to the public. Finally the provision of Legal Services.

On the other hand the Human Resource Management is charged with the responsibility of human capital provision, management, maintenance, development and occupational safety issues.

In serving our clients we are driven by Batho-Pele principles and zeal for Excellence through timely and sound leadership.

STRUCTURAL ELEMENTS

Organisational Structure High Level



DEPARTMENT'S STRATEGIC OBJECTIVES/GOALS/CORE FUNCTIONS

- Render General Administration Service
- Provide Legal Service
- Provide and Manage Information Technology and Communication
- Provide Office Accommodation
- Render Main Registry Service
- Administer transformation processes and formulate policies
- Administer and advice on Human Resource Administration matters
- Promote and facilitate human resource development
- Manage the collective bargaining process and promote labour peace
- Deal with grievances, disputes and disciplinary action
- Administer and advice on Land Utilisation and Disposal issues

PROGRAMME ACTIVITY AND FUNCTIONALITY

COUNCIL SUPPORT	STRATEGIC OBJECTIVE	TO WHO?	HOW?	RESPONSIBILITY
	Render General Admin. Support Service	Elected Councillors	In house	Mrs. E Moolman
	Provide Legal Service	Elected Councillors Council Employees	Outsourced	Mr. JFK Khumalo
	Encourage Public Participation	Between Municipality and Members of the Public	In house	Mrs. E Moolman
	Provide Office Accommodation	Council Employees	Own property and rentals	Mrs. E Moolman
	Render Main Registry Service	Elected Councillors	In house	Mrs. E Moolman
	Land Use and Disposal (Contracts)	General Public	In House	Mrs. E Moolman

HRM	STRATEGIC OBJECTIVE	TO WHO?	HOW?	RESPONSIBILITY
	Administer transformation processes and formulate policies	Elected Councillors Council Employees	In house	Mr TF Ngwenya
	Administer and advice on human resource administration matters	Elected Councillors Council Employees	In house	Mr. TF Ngwenya
	Manage the collective bargaining process and promote labour peace	Council Employees Council Employees	In house	Mr. TF Ngwenya

HRM	STRATEGIC OBJECTIVE	TO WHO?	HOW?	RESPONSIBILITY
	Deal with grievances, disputes and disciplinary action	Elected Councillors Council Employees	In house	Mr. TF Ngwenya

HRD	STRATEGIC OBJECTIVE	TO WHO?	HOW?	RESPONSIBILITY
	Promote and facilitate human resource development	Elected Councillors Council Employees	In house External	Mr. TF Ngwenya

ITC	STRATEGIC OBJECTIVE	TO WHO?	HOW?	RESPONSIBILITY
	Provide and Manage Information Technology	Elected Councillors and Employees	In house	Mr. D Johnson
	Provide and Manage Communication			Mr. D Johnson

PROGRAMME OVERVIEW

In all the three functional areas it will be seen how the programme has taken a full u-turn towards ensuring that a fully transformational delivery of service is achieved within a short space of time. Towards the end of the reporting year many activities gained momentum and full completion to be realised in the new year. For example, there has been a total change in the way human resources is delivered, away from traditional mundane administrative processes to a truly strategic partner for change.

The role of HR and its capacity in supporting a developmental state must be linked to the capability of this Municipality to build requisite competencies and other organisational capabilities. Stand alone, fragmented and once-off training interventions are not likely to build and sustain the depth of capacity required to position AbaQulusi Municipality as a key organ of the developmental state.

In the previous year's capacity development of staff members did not receive the required attention and there was no partnership between the employee and employer on developmental matters. A vigorous attention has been paid towards ensuring that staff are trained and capacitated. It cannot be disputed that trained and appropriately capacitated employees become highly motivated and this fosters a sense of belongingness which ultimately make the employee wish to stay.

There are, however, other matters which received little or no attention at all e.g. valuing employees as an important asset which needs both physical and psychological nourishment. The Assistance Employee (EAP) or Wellness Programme was introduced towards the end of this reporting financial year with more results to be recorded in the following year.

As an organisation, like all others, AbaQulusi Municipality is not immune to the impact and effects of the HIV/AIDS scourge. This pandemic destroys the family fabric which all of us receive daily strength and support. If this important fabric is tempered with, more often people carry the burden to work thus affecting productivity and resultant low achievement of set targets and goals. An HIV/AIDS policy was implemented at the work place and Staff Workshops held.

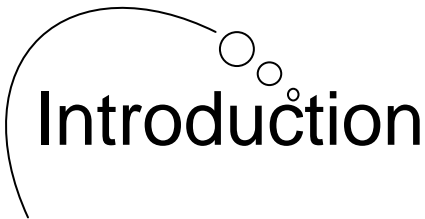
Corporate Services participated in the revision of the Turn Around Strategy's Ten-Points of which Communication was highlighted as the most lacking element within the Municipality. Therefore, investing and paying attention to this will be done.

CONCLUSION

In conclusion all Corporate Services and its staff is being thanked for choosing to be part of the moving delivery train of this Municipality for their dedication, commitment and providing innovative ways of ensuring that our consumers of services receive the services that they deserve. Where there are deviations in the goal and focus this is dealt with without fear. The work provided by the private sector from time-to-time is also acknowledged for reaching where we could not and for our Municipality to realise its objectives. It is our endeavour, though, to cultivate internal and local talent rather than reliance to outsourcing for sustainability and growth.

Each Sub-Department will be discussed in full in the foregoing part(s) 1-4.

HUMAN RESOURCES MANAGEMENT



Introduction

Human Resources Section is in a process of observation, planning, action and review is to manage the cognitive capacities, capabilities and behaviours needed to enable and improve individual, team and institutional performance.

The Human Resources main responsibilities are:-

Personnel & Labour Relations

Human Resources Development

Occupational Health & Safety

It was our aim this year to deliver a friendly, productive and efficient service to our clients. Like any other business, it was not always easy to meet expectations, but this department is proud to say that our objective of efficient service delivery was met.

The Human Resources policies are in place and implemented as at 2010/2011 financial year until to date, and Organizational establishment has been adopted and approved by Council.

The leave function is one of the most crucial functions in any organization and it includes the management of leave and the processing of leave forms. One main challenge of Human Resources for the financial year 2011/2012 was to start off with information sessions informing staff of the new Conditions of Service as well as the rules and regulations of leave; completion of time sheets and Bato Pele but HR managed to address these challenges through a workshop that was arranged, It was the intention of this department to reduce the number of sick leave taken and to increase productivity.

Legal Requirements

Framework

- Constitution of the Republic of South Africa, 1996
- Good HRM and Career management practices to maximize human potential
- Skills Development Act 97 of 1998
- To develop the skills of SA workforce by improving the quality of life of workers
- National framework for institutional implementation
- Sector Education and Training Authorities (SETAs)
- Qualifications Authority Act 58 of 1995
- South African Qualifications Authority (SAQA)
- The Municipality has complied with all of the legal requirements with regard to employment as follows:

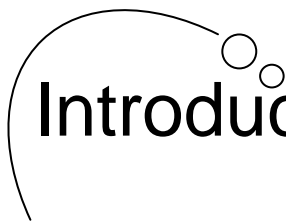
Employment Equity

The Employment Equity plan expired on September 2011 but we are in a process to review the plan and elect the new Employment Equity Committee.

One of the priorities of the Department will be to assist Management in ensuring that as far as possible the requirements of the Act and Report is instituted also the establishment of the Occupational Health & Safety Committee to assist in safety matters.

Skills Development

HUMAN RESOURCE DEVELOPMENT



Introduction

Human Resources Development (HRD) is a division of the municipality which is charged with the responsibility of ensuring that both employees and prospective employees are properly capacitated to meet and execute the mandate of the Local Municipality as in line with Skills Development Strategies.

Again HRD is a melting pot of ideas and sharpening of strategies of all employees by increasing their capacity to meet challenges and to develop macro perspectives while thinking strategically beyond the confines of their immediate line functions. It is through training and capacity development where employees are able to match their skill levels in synchrony with the Integrated Development Plan which has been, and will continue being, a primary guiding document of this Municipality.

Mandating Legislations

In making this a reality various pieces of legislations are used and give mandate to all activities in the Human Resources Development (HRD). These being primarily the Skills Development Act, Skills Development Levies Act, Labour Relations Act, Employment Equity Act, National Human Resources Development Strategy and National Skills Development Strategy 2010 – 2015. The strategy is geared towards implementing a strategic plan of any public service organisation through the provisioning of Competency Based Training (CBT) which intends to capacitate and enables employees to be productive in the workplace.

Programme Execution

Human capacity development has been executed under difficult circumstances of limited capital resources. However, the division has been able to deliver this services using three approaches i.e. (i) the Determination of Training Need, (ii) the Study Assistance Programme and, (iii) the Experiential Learning Programme.

The former caters for all skills programmes shorter than 12 months whilst the latter caters for programmes 12 months or longer. The other programme is Experiential Learning Programme which caters for prospective employees and has been a direct contributor to increasing employability of the members of the general community. All these interventions have been executed within the confines of the Work Skills Plan (WSP) and has been reported to the Local Government Sectoral Education and Training Authority (LGSETA).

Programme Performance

Employee representatives from departments have been sent to different workshops/seminars which address the skills gaps identified by their respective departments. This intervention has been done through the Determination of Training Need. This training formed the bulk of all training, which had been implemented in the year under review.

As in line with the National Government's directive to capacitate Senior Managers a Certificate Programme in Management Development for Municipal Finance, as well as the Programme in Leadership and Management for Transformation has been implemented through a few Senior Managers, with the balance to follow in the following year to meet the deadline of 2013. All Managers and Senior Managers were trained on Performance Management System.

There are other many statutory yearly programmes which have been undertaken by staff which were for example the renewal driving licenses and operation of specialized vehicles permits.

The changing environment in government requires government employees to be technologically advanced and be skilled in managing projects. The municipality responded well to this clarion call by enrolling employees in Project Management, Computer Literacy, Secretarial Course, Personal Assistant's and Secretaries workshop. All these were aimed at putting priorities identified in the WSP to practical effect.

Staff members at Manager's level were trained on how to handle the disciplinary enquiry and to act as Prosecutors, Presiding Officers within their departments for less serious offences. Members of the Local Forum (Union Side) were also trained on how to deal with matters of mutual interests.

Learner Ships

The Skills Development Act and the South African Qualifications Authority Act provide for the practical learning to be the integral part of the theoretical learning for any qualification to meet the requirements of the National Qualifications Framework. This therefore, calls for organisations and employers to afford learners with experiential learning opportunities. This provides students with opportunities to do in-service training and that the workplace be made an active learning area. The division has through this programme been able to place students in various departments, i.e. Technical Services, Finance and Corporate Services to obtain on the job training on relevant fields such as electrical engineering, finance and general administration.

Five (5) employees from Technical Services at Water & Sanitation are attending a Water Plant Process and Purification learner ship which is offered by the Zululand District Municipality for 18 months. In-service trainees at Finance, Electricity, Corporate Services & Community Services have been engaged.

Workplace Skills Plan

The Skills Development Act of 1997 provides for a new approach to Training and Development. It is compulsory that each year a Skills Audit be conducted and this was done. Again training be planned, executed accordingly and reported to LGSETA. This was done and Annual Training Report was submitted to Council as well as to LGSETA before end of 2012.

LGSETA analyses these reports and rewards good performing organizations as was done in AbaQulusi as evidenced by the receipt of the Grant Funding of R 102,841.00 on 06 September 2011 to augment the meagre financial resources of the Municipality. This was as a result of the assessment of the 2010-2011 Financial year and was paid in 2011-2012 financial year. We are expecting to receive our grant funding again in the 2012-2013 financial year.

Table 1

Occupational Categories	MALE			TOTAL Male Blacks	MALE White	FEMALE			TOTAL Female Blacks	FEMALE White	TOTAL
	A	C	I			A	C	I			
Legislators	126	5	-	18	8	123	7		15	4	273
Senior Officials and Managers	8	-	-	8	1	-	-	1	2	3	14
Professionals	4	-	-	4	i	-	-	1	7	3	16
Technicians and Associate Professionals	35	-	-	35	4	-	-	-	2	2	43
Clerks	17	1	-	17	3	-	2	1	39	4	67
Service and Sales Workers	-			-	-					-	-
Skilled Agriculture and Fishery Workers	-			-	-					-	-
Craft and Related Trades Workers	-			-					-	-	-
Plant and Machine Operators and Assemblers	25		1	26	1						27
Elementary Occupations	-			-					-	-	-
TOTAL	105	6	1	22	15	15	7	3	50	16	440

Table 2.

The following table (Table 2.) provides information on the total remuneration paid to all employees (amount spent on personnel costs)

SALARY LEVEL	TOTAL REMUNERATION	% OF TOTAL REMUNERATION	AVERAGE REMUNERATION PER EMPLOYEE	NUMBER OF EMPLOYEES
0 – 1	5,137,905.30	4.5 %	856,317.55	6
2 – 3	51,358,592.20	40 %	254,815.59	19
4 – 6	26,935,018.98	20 %	199,518.65	45
7 - 10	12,907,825.99	10,18 %	121,771.94	106
11 - 15	10,516,150.93	9.1 %	71,538.44	147
16 – 17	11,845,304.50	6.8 %	57,080.55	190
TOTAL	114,732,609.30	90.4%	1561042.72	513

Table 3.

The following table provides information on the budget for Personnel & Labour Relations for the previous financial year (2010/2011) and the financial year of 2011/2012.

Cost Centre Description	Budget 2010/2011	Budget 2011/2012	Difference
Advertisement	91,900.00	790,960.00	689,060.00
Printing & Stationery	20,000.00	2,000.00	18,000.00
Rental Data Processing Equipment	-	-	-
Subsistence & Travelling	65,000.00	130,000.00	65,000.00
Long Service Awards	22,000.00	0	22,000.00
Medical Examinations	-	-	-
Reference Books & Periodicals	0	5,000.00	5,000.00
Entertainment	1,000.00	0	1,000.00
Legal Expenses	800,000.00	827,170.00	27,170.00

Cost Centre Description	Budget 2010/2011	Budget 2011/2012	Difference
Travelling – Interviews	65,000.00	130,000.00	65,000.00
Telephone	11,000,000.00	14,009,250.00	3,009,250.00
Transport Allowance	280,000.00	361,430.00	81,430.00
Insurance	380,000.00	1,021,600.00	64,600.00
Removal Costs	-	-	-
Accounting & Office Machines	-	-	-
TOTAL	1,724,900.00	17,271,396.00	399,950.00

Table 4.

The following table (Table 4) provides information on the total number of employees per department (the core function as well as the support function).

DEPARTMENT	MALES	FEMALES	TOTAL NO OF EMPLOYEES
Community Services	61	43	104
Human Resources	5	3	8
Corporate Services	11	12	23
Finance	20	34	54
Strategically Planning	4	9	13
Technical Services	247	57	304
Municipal Manager & Mayor's Office	5	2	7
TOTAL	353	160	513

Table 5.

The following table summarizes the number of posts on the establishment, the number of employees as well as the number of vacancies.

DEPARTMENT	ESTABLISHMENT	NUMBER OF EMPLOYEES	NUMBER OF VACANCIES
Community Services	261	104	157
Technical Services	488	304	184
Corporate Services	26	24	2
Finance	77	54	23
Strategically Planning	17	13	4
Municipal Manager & Mayor's Office	12	7	5
HUMAN RESOURCES	16	8	8
TOTAL	897	513	384

Table 6.

Employment and vacancies per salary level

SALARY LEVEL	ESTABLISHMENT	NUMBER OF EMPLOYEES	NUMBER OF VACANCIES	VACANCY RATE
0 – 1	6	6	0	0
2 – 3	30	19	11	2.1 %
4 – 6	93	45	48	9.4 %
7 – 10	176	106	70	13.06 %
11 – 15	237	147	90	17.54 %
16 – 20	355	190	165	31.19 %
Non-permanent				0.58 %
TOTAL	897	513	384	74 %

This section provides information on changes in employment over the financial year.

Table 7.

The following table provides information on appointments, promotions and terminations by race and gender. In addition, the table provides an indication of the impact of these changes on the employment profile of the department.

GENDER / RACE	NO. OF EMPLOYEES	APPOINTMENTS & TRANSFERS	PROMOTIONS	TERMINATIONS
African				
Male	334	29	4	17
Female	124	25	1	3
Indian				
Male	2			
Female	3			
Coloured				
Male	2	1		
Female	4			

GENDER / RACE	NO. OF EMPLOYEES	APPOINTMENTS & TRANSFERS	PROMOTIONS	TERMINATIONS
White				
Male	28			1
Female	16			1
TOTAL	513	53	11	22

Table 8.

Turnover rates provide an indication of trends in employment profile of the department. The following table provide a summary of turnover rates by salary band.

SALARY LEVEL	APPOINTMENTS / TRANSFERS	TERMINATIONS	TURNOVER RATE
0 – 1	-	6	0.97 %
2 – 3		2	0 %
4 – 6	1	1	0 %
7 – 10	2	5	0.78 %
11 – 15	1	5	0 %
16 – 20	51	8	12.48 %
TOTAL	55	26	14.23 %

Table 9.

Reasons why staff are leaving the organization

TERMINATION TYPE	NUMBER	% OF TOTAL EMPLOYMENT
Death	8	0.78 %
Resignation	7	0.78 %
Expiry of contract	6	0.97 %
Dismissal – operation changes	-	0
Dismissal – misconduct	-	0 %
Dismissal – inefficiency	-	0.39
Ill – health Retirement	-	0%
Retirement	5	3.90 %
TOTAL	26	6.82 %

Table 10.

The following table summarize the outcome of disciplinary hearings conducted within the municipality for the year under review.

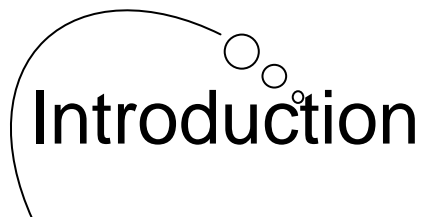
Disciplinary hearings – requests received	5	0.98 %
Enquiries held	4	0.78 %
Enquiries withdrawn	1	0.20 %
Guilty findings	-	0%
Dismissals	-	0%

Table 11.

The following table indicates the progress on affirmative action for the total number of employees in terms of Employment Equity

Occupational Level	Target	Actual	Variance in % Achieved
Top Management	6	6	0
Senior Management	30	19	2.14 %
Professionally qualified and experienced specialists and mid management	93	45	9.4 %
Skilled Technical and academically qualified workers, junior management supervisors, foremen, and superintendents	176	108	13.26%
Semi-skilled and discretionary decision making	237	147	17.54
Unskilled and defined decision making	397	187	40.94
TOTAL PERMANENT	897	510	75.44 %
Non-permanent employees	-	3	0.58%
GRAND TOTAL	897	513	159.3%

GENERAL ADMINISTRATION



Introduction

The General Administration Section, is responsible for the overall general administration of the whole Municipality including providing secretarial services to Council and all Committees, deal with public participation with specific reference to ward Committees and renders a comprehensive registry function on behalf of the whole Municipality. The responsibility for the vehicle/fleet management functions have been transferred to the section and is currently managed and controlled by two staff members without official delegations to do so.

STRATEGIC OBJECTIVES

To render efficient and effective administrative support service to the organisation.

- Administrative support to Council and its Committees
- Review and update of bylaws, policies and Council resolutions
- Rationalisation of contracts
- Administer the lease agreements between Council and lessees of Council Property
- Managers office accommodation
- Implement office automation in all departments
- Provide Telephone support to all Departments
- Manage Council's electronic document management function
- Manages and provides messenger services between all departments
- Review delegations/rules of order and procedures of Council
- Improve public participation
- Provide vehicle management service
- Provide security service

DESCRIPTION OF ACTIVITY

The services provided by the sub-directorate are as follows:

- General Administration
- Secretariat
- Legal Support
- Land Disposal and Leasing
- Communication
- Public Participation
- Vehicle Management
- Security Services
- Facilities Management

All the above services, with the exception of legal support and security services are currently rendered in-house by the sub-directorate.

Key Challenges Identified

Outdated lease agreements and contracts;

Insufficient office accommodation;

Non-filling of positions to perform functions with special reference to vehicle management function;

The budget for facilities management is insufficient to address the needs identified as far as maintenance of buildings is concerned. Only re-active management can be applied. For the period under review, only urgent maintenance could be undertaken at the Corporate Services and Main Buildings of Council.

Key Achievements

During the year under review the communication with Councillors and senior Management was improved by activating the SMS function on the Electronic Document Management System programme. This has led to a saving as the function was paid for and utilized previously. This function further makes it possible to trace electronic messages sent, for record and reporting purposes, which is done monthly.

A reviewed delegation framework and rules of order and procedures were work shopped with Councillors after the elections on 18 May 2011. These were tabled at Exco and Council where Council requested that the item be withdrawn.

Office Automation:

The new format of binding has proved to be a major success and all documents of the Municipality is now bound at Corporate Services. The Bizhub 950 photocopier is nearing its end and investigations have already started in obtaining the latest possible and affordable technology. A new service provider to supply Corporate Services with a machine equal to the Bizhub has been appointed and Corporate Service is awaiting the installation of a new photo copier.

Security Services:

At present this function is outsourced and the contract expired in May 2011. Tender specifications were submitted to Finance as well as draft Tender Document. This was later prepared in Finance and Tender advertised with a closing date as 02 December 2011. Further deliberations in Finance and the Corporate Services ensued which resulted in calling to certain responsive tenders to resubmit their costs at a Grade D security guard. Finally an award was made in March/April and a new contract was entered into between the Municipality and ADM Group cc for a period of three years at the end of April 2012 and beginning 01 May 2012.

Vehicle Management:

Vehicle management still needs attention as there is no dedicated staff employed to perform this function. The Clerk in Registry has been seconded to perform this function and it is within the limits performed satisfactorily. All other council vehicles were fitted with a tracking device to aid in their protection and usage in the management of overtime. One vehicle was high jacked in eMondlo and through quick reaction by the Head of Department and Fleet Clerk the vehicle was recovered with the aid of BidVest Tracking System.

Public Participation:

The appointment of a Community Liaison Officer (CLO) and Ward Committee Clerk assisted in improving communication with communities in various wards. A policy for Ward Committees was presented and adopted by Council in July 2011. Ward Committee members were elected during July-September 2011. Ward Committees were launched in November 2011 accordingly and registered on the data-base of the Municipality.

During the year under review 18 Ward Committee meetings took place. Ward Committees were involved in the compilation of the IDP and the Budget of the Municipality.

In advancing participatory democracy the CLO ensured that members of the Ward Committees attended 10 events amongst others the Public Hearings on the "Protection of State Information Bill" in eMondlo, NCOP public engagement at Mnzinyathi District.

Later in the year 2011 a staff member who was performing the duties of the Administration Clerk: Ward Committees was transferred back to Human Resources, a division which had seconded him to Public Participation. This created a void as work continued to increase and one staff member finding it difficult to cope adequately with the demands of the job. Filling of an Administration Clerk is critical to enhance service delivery.

Council Support:

The Municipality is comprised of 44 elected Councillors representing 22 wards. From the 44 seats the African National Congress (ANC) has 17 seats, the Inkatha Freedom Party (IFP) has 16 seats, the National Freedom Party (NFP) has 7 seats, the Democratic Alliance (DA) has 3 seats and Owethu Residents Association (ORA) has 1 seat.

Cllr. Bunge ward Councillor for ward 9 representing the DA in Council resigned his seat and this prompting a by-election. Council meets once per quarter and where the needs arise, a special meeting is convened. In terms of section 79 of the Municipal Structures Act 117 of 1998, Council is assisted by portfolio committees to perform or exercise any duties or tasks as delegated by Council. Before elections there were 8 such Portfolio Committees who met every month and or as the need arose. After elections Portfolio Committees were aligned to Departments and the following x5 Portfolio Committees were established:

Corporate Services

- Community Services
- Technical Services
- Finance

Development Planning

Apart from Portfolio Committees Council after elections, further established in terms of legislative prescripts the following committees:

Local Labour Forum

Municipal Public Accounts Committee (MPAC)

Training Committee

Portfolio Committees were appointed in June 2011 and meet every month as per schedule approved by Council. If a special need arises, the chairperson calls for a special meeting to be convened.

During the year under review Council and its support structures met as follows:

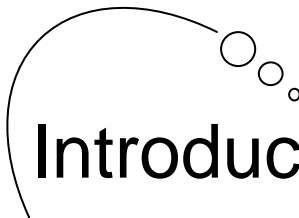
EXECUTIVE COMMITTEE JULY 2011 TO JUNE 2012	
Ordinary meetings	11
Special meetings	16

COUNCIL JULY 2011 TO JUNE 2012	
Ordinary meetings	5
Special meetings	15

PORTFOLIO COMMITTEES JULY 2011 TO JUNE 2012	
Corporate Services	5
Ordinary meetings	
Special meetings	
LLF	3
Ordinary meetings	
Special meetings	
Training Committee	Nil
Ordinary meetings	
Special meetings	
Community Services	

Ordinary meetings	9
Special meetings	1
Development Planning	
Ordinary meetings	7
Special meetings	
Technical Services	
Ordinary meetings	4
Special meetings	1
Finance	
Ordinary meetings	5
Special meetings	
MPAC	
Ordinary meetings	2
Special meetings	

INFORMATION TECHNOLOGY, COMMUNICATIONS & MARKETING



Introduction

The division Information Technology Communication (ICT) & Marketing supports and maintains all IT Infrastructures of the municipality, and over the last year, we have been looking into a number of things to increase and better the town and IT Infrastructure of the municipality.

Website Upgrade

The municipality is moving into the future. Website functionality is a vital means of communication to the public and various other governmental institutions. We started by looking at various means of redesigning the website of the Municipality. The website needed to be able to contain all the relevant information that the public or other governmental institutions would need, but also provide a new look, a new vision and more functionality.

It was decided that a Joomla based design will provide the necessary functionality that our website provides tools that benefit our consumers when using the site.

A search function on our website is essential if it contains a large number of pages or extensive content. You could also add a variety of tools to provide site users with services that solve their needs and will maintain the 'stickiness' of our site - its ability to attract users back, time after time. The functionality of such a site that we have chosen would be great, providing customers with a variety of services.

With the enhanced website comes additional enhanced security with the introduction of credit card payments. We have also implemented a new server for the website, providing smoother, and better and faster usage abilities. Some of the areas to benefit from using this form of site design are as follows:

E-commerce processes: there can be a wide variety of options here, depending on the budgets available. However, any solution needs to be robust and efficient to avoid abandoned shopping carts. Returning customers would also expect a fast checkout option.

Customer access areas: secure zones for customers or registered users can enable a wide range of services to be provided, from subscriber access to additional content, account details such as order tracking, or other customer service functions and reports.

E-mail databases: if your site collects e-mail details for email marketing or CRM purposes and uses a database to segment and mail customers and prospects, these systems can be provided to comply with the latest e-mail regulations.

News and PR management: you can enhance the currency of your site by adding news feed services that will be of interest to your market sector, or if you publish press releases on a regular basis, you can manage these online and add to your site.

Image management: if your website uses plenty of graphics, you can add an online management system to categorise and control the use of images on your site.

Affiliate programs: e-commerce sites may want to run an affiliate marketing campaign and therefore, to control this in-house, you will need a reliable system to track and report on converted leads or sales, plus make payouts to affiliate partners.

Content advertising: the main pay-per-click suppliers like Google AdWords and Overture provide an advertising service that can be integrated into your website to display relevant adverts and enable you to share in the click through revenues.

Some of the features would be for marketing purposes. These marketing tools will be available as part of this design for the marketing of the municipal regions and all its tourism destinations and various lodges, Spa's, reserves, game farms, and holiday lodges.

Smart City Concept

We have been researching the possibility of a “smart city” concept, creating a wireless net across the municipality, in so doing being able to provide wireless connectivity to all the users of the municipality. One of the parts to this type of project is the Distributed Antenna System (DAS). This is a network of spatially separated antenna nodes connected to a common source via transport medium that provides wireless service within a geographical area or structure. DAS uses fibre optic cable, coaxial cable, and antennas to enhance public safety, cellular, and various other internet and data signals within a geographical region or building. The DAS system is also much safer than many antenna systems.

Please see attached DAS Health and Safety FAQ.

There are diverse range technology applications that support the wireless industry:

Wireless Internet (Wi-Fi), Wi-Max, 2G, 3G, 4G, UMTS, HSDPA, GSM, GPS, GPRS, RF Frequencies Equipment, Broadband, Mi-Fi Hotspots, Push to Talk, Bluetooth, Proximity , IPTV, Multi Port Antenna, Omni Antennas, SHP Antennas, HF Antennas, Ground and Air Technical Antennas, MIMO, WMTS, CCTV, Microwave Equipment, PCS, DCS, TDMS, CDMA, WCDMA, AWS, IDEN, Wi-bro™ LTE, Paging Wireless communication devices, Solar Devices, Five Spot, Global Ready, V-Cast, UHF & VHF Antenna's and BRSAWS Antenna's and related hardware.

Once installed the wireless communication units and cell phone antenna will fill the cell coverage gaps that exist within Abaqulusi Municipality as well as creating a wireless mesh within. Known as gap fillers within the industry, the first tier providers such as MTN, Vodacom, 8.ta, Cell C I-Burst have all committed to roll out system throughout South Africa. This will all be a part of the "Smart City" concept. This would help boost the local economy and this will bring the AbaQulusi Region to the forefront of technology in the northern KZN regions.

As part of this project, additional research is being done to hold a technology show, to show off the latest and greatest technology the market has to offer. We hope to achieve these new heights and build a strong, more technologically advanced town.

This reduces the reliance on erecting costly and unsightly cell phone masts, and relies on existing Abaqulusi Municipality infrastructure. Abaqulusi Municipality can improve/reduce dropped calls from cell network and create a wireless mesh.

Added benefit is that units will give businesses within Abaqulusi Municipality the ability to offer WIFI to their clients for a small fee, therefore becoming WIFI hotspots.

Compliment the focus area Smart Town by:

- Building Town competitiveness and smart industries
- Bridging the digital divide
- Scale-up e-Government
- Provision of smart infrastructure

Benefits

1. Improved cell phone coverage with reduction in dropped calls
2. Free access to information through public libraries and community centres
3. Improved WIFI access through cell phones within Abaqulusi Municipality
4. SMMEs can become resellers of data bundles as well as WIFI hotspots generating additional revenue

Media

As part of the marketing of the AbaQulusi its Towns and small towns and outlying areas, SABC Pasella programme had Vryheid on one of their episodes showing the historical and tourism value of the region.

Research is currently underway to increase the exposure of the AbaQulusi Region in the media. A segment has been advertised in a Public Sector Manager magazine, and other research is being done into having an advertisement created, promoting our luxurious lodges, and bed and breakfast accommodation facilities, and our beautiful, luxurious resorts.

All these are part of the AbaQulusi Municipality moving forward to meet the future head on. Growing the local economy and its people.

Vryheid Scouts International Youth Movement

As part of the town's growth, Vryheid has started one of many groups for youth to learn about nature. Scouts are a worldwide movement with the aim of supporting young people in their physical, mental and spiritual development in order to become good members of society.

Scouts consist of boys and girls starting out as Cubs, aged 7 to 10, which then move on to being Scouts, aged 11 to 18, and then finally, Rovers, and aged 18 to 30. All members between the age of 7 and 30 of any race, gender and creed are welcome to join. Vryheid has a diversity of culture.

Scouting is a game to be enjoyed, and that it should be fun, and have spontaneity for young people and adults alike. The genius of Scouting and the reason for its worldwide success has been the simple combination of a rewarding outlet for service for adults, while developing young people in the freedom of the outdoor for responsible citizenship and service."

Replaced Systems and Upgrades

There have been out of the remaining estimate of 80 computers needing replacement, 3 additional computers broke down. There have been 5 to 8 older computers replaced with 6 laptop replacements. There has been not networking infrastructure replacement or upgrades done to date. The proxy server had repairs made to its main drives.

Archiving software has been implemented as part of on-going additional methods to backing up our data. We have standardized our server systems to IBM and have replaced older failing servers with new robust, higher capacity IBM servers. Our new website is located on one of our new robust IBM servers, and we have replaced our EDMS (electronic document

management system) server with a new robust IBM server as well allowing for higher capacity and volume of users and data storage.

Challenges Faced in ICT of AbaQulusi Municipality

One of the greatest challenges we face is the failing older computer workstations. It is a constant threat to our productivity as staff members of AbaQulusi municipality. This threatens productivity and in turn hampers service delivery in many ways in a dramatic way. ICT budgets need to be increased to effect better maintenance on the ICT Infrastructure.

Upgrade and maintenance policies are currently being formulated to provide better standardized systems in accordance with the latest standard of entry level systems. This policy will assist in keeping a standard to our systems.

Gaining additional qualified staff is also a difficult challenge for the ICT section as additional staff is needed. ICT security has been increased with the implementation of the IT Policy, however better user security is also required and therefore a “user workstation security management policy” is being drafted at present to assist in the security practices by employees on workstations.

Productivity and of staff and service delivery using ICT equipment is vital to any governmental or business structure with as little down time as possible. Budgets and acquisition of serviceable parts and equipment hamper these down times. As part of the upgrade and maintenance policy, additional stock of various items that would commonly break down and give problems should be kept.

Telecommunications is a vital part of any organization. Something that is being promoted is to have fibre optic cabling installed between all the municipal buildings of AbaQulusi Municipality within the town of Vryheid. This will dramatically better the telecommunications via the PABX system and the outside. Fibre Optics is one of the best means of communication using the latest in technology to stream voice/video and transfer data safely using light.

Another challenge that has hampered a project I and researching is that the fibre optic installations, “video conferencing”. The ability to have an audio visual meeting without having to leave the office. For example, an MEC wishes to meet with a particular person from another municipality; the MEC will be able to do so using Video conferencing. Although this is a technology that has been out for a good few years now, it is not in use in government.

The main benefits of being able to video conferencing are as follows:

Support for Environmental Initiatives

Video conferencing is an obvious “green” technology, allowing organizations to mitigate energy use by dramatically reducing the need to travel (See the Polycom ROI Calculator as an example). By communicating over video, organizations can also substantially reduce their carbon footprint and help ensure a basis for regulatory compliance. With tools that provide a powerful way to enable conferences and other video content to be streamed live or on demand around the world, employees, customers, partners, and students can use video to communicate, engage and interact with others across distance at any time, from wherever they are.

Increased Productivity across Dispersed Workforces and Teams

Dispersed work forces and project teams present many challenges, none more misunderstood than lost, slow, or simply non-existent communication between individuals residing in different locations. Most teams interact using phone, e-mail, instant messaging (IM), or workflow applications. However, with 80% of communication consisting of non-verbal visual cues, the ability of teams to understand, process, and collaborate over distance using these methods is at best halting, and at worst, severely impeded. Wherever video is added to a meeting, participants are more likely to stay focused, because they can be seen as well as heard. Expressions of satisfaction, concern, confusion, understanding and so on, can easily be seen and addressed, speeding and informing the group more effectively than myriad e-mails, voicemails, and IMs. The result: decisions are made faster, projects completed sooner, and productivity increased across the organization.

Heavily Reduced Travel and Hotel costs

In today’s globalized economy, travel is often a prerequisite for leveraging new market opportunities. Journeying to distant locales to engage in face-to-face interactions with customers, partners, and colleagues is a time honoured business ritual, and nothing will ever replace the immediacy and impact of live interactions.

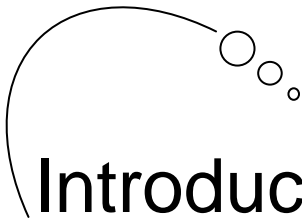
But a large percentage of routine or regular business trips—with all their attendant expense—can be eliminated by communicating over video. With vast improvements in quality, availability, and ease of use, and with the ability to interact and share content in high definition, today’s video conferencing is as close to “being there” as one can get without actually making the trip. Travel reduction is the easiest expense to calculate when determining ROI of a video conferencing investment. Fundamentally, video ROI calculates the number of trips taken annually, multiplied by the cost (transport to and from the airport, flight, per diem expenses, salary of time lost in travelling) versus the investment in the video conferencing solution (equipment, service, training, network). The majority of organizations

will see a single outlay of annual travel expenses far outweighing the entire video conferencing investment, easily justifying the implementation.

Improved Hiring and Retention of Top Talent

Hiring processes can be very lengthy and costly, especially when candidates are located in other cities or when multiple people are involved in the interview process. Organizations with video conferencing systems in their offices can reduce expenses and time by bringing candidates into the nearest facility and allowing interviews to be conducted both in person and over video. Video interviews can also be recorded, enabling persons unable to be part of the live interview process to see and evaluate the candidate over video. Video communication impacts employee retention just as positively.

Above you can see some of the most vital parts of the additional challenges we face, and a project I believe can be highly beneficial to all government institutions.



Introduction

The Financial Services Department experienced a very difficult period during the year under review. The department faced many challenges most of which were the lack of Human Resources. The employment of staff has continued to be problematic during this year, with the Finance Department really under pressure due to a critical shortage of staff. The position of the CFO was not permanently filled.

REVENUE

Revenue in total increased in the current year compared to the previous year by R47,4 million which represents 17.1% growth. Rates increased by 12% compared to the prior year and a 7% increase compared to the adjusted budget. Revenue from service charges grew 10.6% compared to the prior year due to increased electricity and water consumption as well as the increase in tariffs, and was 4% below the adjusted budget. Government grants and subsidies grew by 31% compared to the previous year due to once off conditional grants received in the current financial year.

Whilst there were new electrical connections implemented in the current financial year, there has been a significant increase in the applications for free basic services which posed a challenge in terms of the equitable share allocation for free and basic services. The theft of electricity and illegal connections still pose as a big threat to the municipality's ability to grow revenue.

EXPENDITURE

The budget for 2011/2012 was adopted in May 2012. The Budget was taken to all Communities during May 2012. The monthly reporting requirements are putting more and more pressure on the department to ensure compliance. The budget policy was adopted in the current year.

Expenditure increased by 18.7% compared to the prior year, this is mainly due to bulk purchases of electricity which increased by 26.6%. The actual operating expenditure increased by 6% compared to the adjusted budget expenditure.

As municipalities are a third tier of government and therefore closest to the communities, they are looked upon as the source of job creation, providers of housing, and services such as health, education, sport and recreation, agriculture, arts and culture as well as security. This places severe strain on the limited budget resources to provide services to the people to ensure their social and economic well being is sustained. The municipality has concentrated on its core function which is to provide services such as water, electricity, sanitation and solid waste removal and to provide a service to all municipal departments. However, the provision of housing is also uppermost on the service delivery agenda.

CAPITAL EXPENDITURE AND FINANCING

Expenditure on fixed assets incurred during the year amounted to R 13,780,922 which was mainly funded from grant funding.

The municipality did not spend all funds in terms of both the Municipal Infrastructure Grant (MIG) and the Department of Energy Grant (DoE) where the municipality spent 77% of the MIG funds allocated to June 2012 and 98% of the DoE grant funds allocated. The unspent portion represent amounts committed as at 30 June 2012, an application for a rollover of these funds has been sent through to treasury.

EXTERNAL LOANS, INVESTMENTS AND CASH

The municipality received the loan funding from the Development Bank of SA in June 2010 for the implementation of the new Municipal Property Rates Act. The loan agreement stipulates the option to repay the loan as at the 30th September 2012. This option will be taken up by the municipality so as to reduce the interest burden in the new financial year. The municipality also holds a portfolio of investments to the value of R 26,9 million, as well as a positive bank balance of R 35,7 million.

DEBTORS

The collection rate at year end was still up at 94% which is commendable. However, with the downturn in the economy it is doubtful whether this rate will be able to be maintained. The outstanding debts have not reduced as expected. A process is in place to address this matter. Most of the consumers in AbaQulusi are Indigent with no ability to pay for services. This places extreme pressure on the budget and increases the debtors. Certain under developed areas

have been identified for investigation of whether they are able to pay for services and whether the municipality is delivering adequate services in those areas.

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for 2011/2012 have been prepared in the new GRAP format.

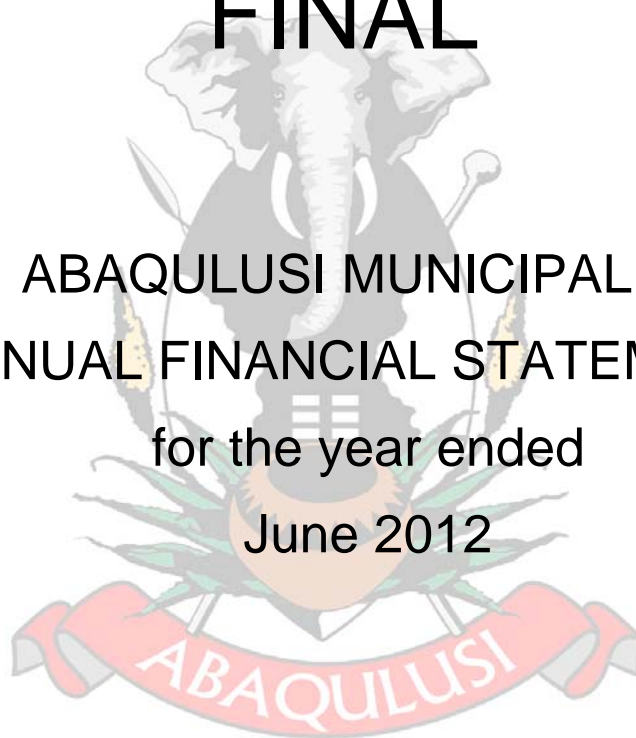
ANNUAL FINANCIAL STATEMENTS - FINAL



U M A S I P A L A
M U N I C I P A L I T Y
M U N I S I P A L I T E I T

FINAL

ABAQULUSI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
June 2012



Annual Financial Statements for

ABAQULUSI MUNICIPALITY

for the year ended 30 June

2012

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	T L Manda
Name of Chief Financial Officer:	T S Mkhwanazi
Contact telephone number:	034-982 2133
Contact e-mail address:	cfo@abagulusi.gov.za
Name of relevant Auditor:	AUDITOR GENERAL
Contact telephone number:	033 2647400
Contact e-mail address:	

ABAQULUSI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

General information

Members of the Council

P N Khaba	Mayor	Appointed 24 May 2011	
N P Ndlela	Deputy Mayor	Appointed 24 May 2011	
P M Mtshali	Speaker	Appointed 24 May 2011	
G M Dlamini	Member of the Executive Committee	Appointed 24 May 2011	
H E Heyns	Member of the Executive Committee	Appointed 24 May 2011	
M B Khumalo	Member of the Executive Committee	Appointed 24 May 2011	
S S Siyaya	Member of the Executive Committee	Appointed 24 May 2011	
B L Zwane	Member of the Executive Committee	Appointed 24 May 2011	
B S Zwane	Member of the Executive Committee	Appointed 24 May 2011	
T R Bunge	Member of the Municipal Council	Appointed 24 May 2011	Resigned 1 May 2012
Z S Buthelezi	Member of the Municipal Council	Appointed 24 May 2011	
I S M Hadebe	Member of the Municipal Council	Appointed 24 May 2011	
X A Hlela	Member of the Municipal Council	Appointed 24 May 2011	
H V Khumalo	Member of the Municipal Council	Appointed 24 May 2011	
M M Kunene	Member of the Municipal Council	Appointed 24 May 2011	
A D Lotter	Member of the Municipal Council	Appointed 24 May 2011	
M M Mavuso	Member of the Municipal Council	Appointed 24 May 2011	
A M Masondo	Member of the Municipal Council	Appointed 24 May 2011	
M E Masondo	Member of the Municipal Council	Appointed 24 May 2011	
D J Mahlase	Member of the Municipal Council	Appointed 24 May 2011	
M A Mazibuko	Member of the Municipal Council	Appointed 24 May 2011	

ABAQULUSI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

General information

D P Mazibuko	Member of the Municipal Council	Appointed 24 May 2011
M Mdlalose	Member of the Municipal Council	Appointed 24 May 2011
R B Mhlungu	Member of the Municipal Council	Appointed 24 May 2011
P P Mkhwanazi	Member of the Municipal Council	Appointed 24 May 2011
A D Mkhulise	Member of the Municipal Council	Appointed 24 May 2011
J S Mncube	Member of the Municipal Council	Appointed 24 May 2011
J Mthembu	Member of the Municipal Council	Appointed 24 May 2011
C N Molefe	Member of the Municipal Council	Appointed 24 May 2011
T Ndlovu	Member of the Municipal Council	Appointed 24 May 2011
G Nkohla	Member of the Municipal Council	Appointed 24 May 2011
S R Nkosi	Member of the Municipal Council	Appointed 24 May 2011
A M Nkosi	Member of the Municipal Council	Appointed 24 May 2011
H D Ntshangase	Member of the Municipal Council	Appointed 24 May 2011
M S Ntshangase	Member of the Municipal Council	Appointed 24 May 2011
B Ntombela	Member of the Municipal Council	Appointed 24 May 2011
S E Qwabe	Member of the Municipal Council	Appointed 24 May 2011
T V Radebe	Member of the Municipal Council	Appointed 24 May 2011
M J Sibua	Member of the Municipal Council	Appointed 24 May 2011
T E Vilakazi	Member of the Municipal Council	Appointed 24 May 2011
S M Vilakazi	Member of the Municipal Council	Appointed 24 May 2011
M P William	Member of the Municipal Council	Appointed 24 May 2011
S B Zwane	Member of the Municipal Council	Appointed 24 May 2011
M E Zungu	Member of the Municipal Council	Appointed 24 May 2011

**ABAQULUSI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**

for the year ended 30 June 2012

General information

Municipal Manager

T L Manda

Chief Financial Officer

T S Mkhwanazi

Grading of Local Authority

Grade 8

Auditors

Auditor-General

Bankers

Absa

ABAQULUSI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information (continued)

Registered Office: c/o Mark & High Street

Physical address: c/o Mark & High Street

VRYPHEID

3100

Postal address: P O Box 57

VRYPHEID

3100

Telephone number: 034-982 2133

Fax number: 034-980 9637

E-mail address: municipalmanager@abaqulusi.gov.za

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is partly dependent on the community and state for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Abaqulusi Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The financial statements set out on pages 9 to 72, which have been prepared in terms of Section 126 (1) of the Municipal Finance Management Act, were approved and signed by the Accounting Officer on 31 August 2012 on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 22 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and local Government's determination in accordance with this Act.



T L MANDA
ACCOUNTING OFFICER

Audit Committee Report

Finance and Performance Audit Committee Report 2011-2012

The Committee saw the departure of Mr. B Ndwandwe who served on the Committee for some time and who should be thanked for his commitment.

The Council appointed three new members from outside of the Abaqulusi municipal administration who were welcomed to the Committee and who have already made valuable contributions.

Audit Committee members and attendance:

Meetings		Attendance	
JLW de Clercq	Chairperson	6	All
B Ndwandwe	Member	3	All (replaced)
P Mntambo	Member	3	All (new)
PP Sithole	Member	3	All (new)
Hlope	Member	--	(New)

In order to comply with a wish expressed by the Exco of the Municipality, the chairperson reported to the Exco at two occasions during the financial year. The Committee also welcomed the establishment of MPAC by the Council. A close working relationship will be developed between the two Committees.

The Committee performed its responsibilities in terms of the Municipal Finance Managed Act, the Audit Committee Charter as well as the Code of Corporate Governance. By law the Committee is expected to meet at least four times during the financial year. The Committee had six meetings, one of which was a special meeting to deal with the Performance Management System.

The Committee received audit reports from Internal Audit in accordance with an Audit Plan that was approved by it in August 2011. The Internal Audit and Performance Unit performed its responsibilities diligently and objectively and the reports were of a high standard.

Reports were focused on the high risk issues as identified in the risk assessment process and action plan.

The committee assessed some internal financial controls and the auditing thereof and made some recommendations and suggested improvements. It was satisfied that the risk assessment was relevant.

Assurances were given to the Committee that the internal financial reporting was in place and that regular reports were submitted to the Council

The Committee was concerned that effective governance could have been affected by the absence of permanent incumbents in key management positions and the dealing with outstanding disciplinary issues, which could cost the municipality.

Compliance with the MFMA was the focus of the financial administration and some challenges in the application of the SCM policy of the Municipality were identified and corrected.

The status of the performance management system remained a cause of concern for the Audit Committee in spite of repeated requests for the necessary action to be taken. No progress could be reported in compliance with the legislation. There is no PMS approved policy in place and no reports by the PMS Manager were submitted. It was therefore impossible for the Audit Committee to express an opinion on PMS in the municipality for inclusion in the financial statements.

The Draft Financial statements were discussed by the Committee and it was satisfied that, with some minor suggested amendments to the document, the statements reflect a true account of the financial situation at the end of the financial year. The statements were prepared internally by the Finance Department which is an achievement.

The Committee will review the Auditor-General's management report and the responses by the municipal management team as well as compliance with legal and regulatory provisions for inclusion in the annual report.



Prof. JLW de Clercq

Chairperson of the Audit Committee

Report of the Auditor General.

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON ABAQULUSI MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Abaqulusi Municipality, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 149.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of opinion

Revenue

4. The municipality did not raise and account for interest on arrears as required by section 64 (2)(g) of the MFMA. There was no council resolution to grant the exemption from charging interest as required by the Act. The effects on the financial statements are that interest revenue and receivables are misstated by an unknown amount.
5. Revenue as disclosed in note 15 of the annual financial statements does not agree to the disclosure per the statement of financial performance for the current period by an amount of R1,1 million. Consequently, I was unable to determine the accuracy of revenue as disclosed in the statement of financial performance.

Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for the adjustment to the provision for bad debts of R8,4 million as included in note 6 to the annual financial statements. I was not provided the basis and method used to calculate the provision.
7. The municipality had discounted debtors by R596 381 as disclosed in note 6 to the annual financial statement. However, I was not provided with the basis and method used to calculate the discounting of debtors of R596 381.

8. Receivables as disclosed per note 6 to the annual financial statements does not agree to the disclosure per the statement of financial position for the current and prior period. The amount disclosed per the statement of financial position differs from the note by an amount of R2,5 million (2011: R1,6 million). Consequently, I was unable to determine the completeness, valuation and existence of receivables from exchange transactions of R30,5 million as disclosed in the statement of financial position.

Property, plant and equipment

9. The municipality did not review the useful lives of Property, plant and equipment at 30 June 2012 in accordance with SA Standards of GRAP, GRAP 17 Property, plant and equipment. Assets were included in the asset register with a nil carrying amount whilst still being in use. Furthermore, assets were included in the asset register without useful lives and therefore these assets were not depreciated. The carrying value of the assets not depreciated at 30 June 2012 amounted to R32,8 million. The impact of the depreciation on the current year amounts to R 929 920. The prior year depreciation is furthermore impacted by an unknown amount.
10. Property, plant and equipment which reflected an impairment were found not to be written down to its actual useful life amount.
11. The municipality has not included certain assets in the asset registers and the property, plant and equipment disclosures in the financial statements of the municipality. I was unable to ascertain the values of these assets by alternative means. Consequently I was unable to determine the completeness and valuation of property, plant and equipment.

Investment Property

12. The municipality did not recognise in the fixed asset register and the financial statements Investment property for certain properties that were leased out which met the definitions of Investment Property as required by SA Standards of GRAP, GRAP 16 Investment property. I was unable to ascertain the values of these properties by alternative means. Consequently, I was unable to determine the completeness and valuation of Investment property in the financial statements of the municipality.

Provision for landfill rehabilitation

13. The municipality has not raised a provision for landfill rehabilitation as required by SA Standards of GRAP, GRAP 19 Provisions. Consequently, I was unable to determine the completeness and valuation of the provision for landfill rehabilitation.

Provision for retirement benefit obligation

14. The municipality has not included certain provisions for the adjustment to the retirement benefit obligation in the statement of financial performance as required by SA Standards of GRAP, GRAP 1 Presentation of financial statements. Consequently adjustment to provisions in the statement of financial performance is understated by R7,9 million. I was therefore unable to determine the completeness and valuation of the disclosure of the adjustment to the provision for retirement benefit obligation in the statement of financial performance.

Provision for bonus

15. Provisions as disclosed in note 11 to the financial statements includes an amount of R1,2 million for the prior year which has been adjusted on the statement of financial position. The note however still reflects this amount as a prior year provision. The prior year provision in the notes to the financial statements has therefore been misstated by R1,2 million. I was therefore unable to determine the existence of the prior year disclosure of provisions in the notes to the financial statements.

Operating leases

16. The municipality did not disclose certain operating leases in accordance with SA Standards of GRAP, GRAP 13 Leases. I was unable to obtain sufficient appropriate audit evidence for operating leases of R9,7 million as disclosed in note 42.2 to the financial statements. Consequently, I was unable to determine the completeness, accuracy and existence of operating leases as disclosed in the financial statements.

Cash flow statement

17. The municipality has not accurately prepared the cash flow statement. The cash flow statement does not agree to cash and cash equivalents by an amount of R11,8 million. Furthermore net cash flows from operating activities as disclosed in note 29 of the financial statements does not agree to the cash flow statement by R1,9 million. Consequently, I was unable to determine the completeness and accuracy of disclosures in the cash flow statement.

Employee related costs

18. Employee related costs as disclosed in note 21 to the annual financial statements does not agree to the disclosure per the statement of financial performance for the current and prior periods. The amount disclosed per the statement of financial position differs from the note by an amount of R7,2 million (2011: R4,6 million).
19. Employee related costs included an adjustment of R4,5 million for which the supporting evidence to validate the adjustment could not be provided. I was unable to obtain sufficient appropriate evidence by alternative means. Consequently, I was unable to determine the occurrence and accuracy of employee related costs.

Irregular Expenditure

20. Irregular expenditure amounting to R15 million was disclosed in note 34 to the financial statement. Misstatements were identified during the audit and no evidence was provided to support the evaluation of the entire population. Therefore I could not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of irregular expenditure to be disclosed to the financial statement.

Contingent Liability

21. The municipality did not have adequate systems in place to record contingent liabilities. I was therefore unable to verify the completeness of contingent liabilities stated at R8,9 million as disclosed in note 43 to the financial statements.

Disclaimer of opinion

22. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the

financial statements.

Emphasis of matters

23. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

24. As disclosed in note 31 and 39 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of an error discovered during 2012 in the financial statements of the Abaqulusi Municipality at, and for the year ended 30 June 2011.

Material losses

25. As disclosed in note 41 to the financial statements, material losses to the amount of R15,4 million was incurred as a result of electricity distribution losses, and material losses to the amount of R31,9 million as a result of water distribution losses.

Unauthorised expenditure

26. As disclosed in note 45 to the financial statements, the municipality has incurred unauthorised expenditure of R19,1 million.

Fruitless and wasteful expenditure

27. As disclosed in note 33 to the financial statements, fruitless and wasteful expenditure amounting to R618 087 was identified during the year under review relating to payment of acting allowances.

Additional matters

28. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material inconsistencies in other information included in the draft annual report

29. I have not obtained the other information included in the annual report for my review and as such have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

30. The supplementary information set out on pages 150 to 159 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

31. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

32. The annual performance report included in the annual report was not presented in time for audit and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents.

33. The information was assessed to determine whether performance indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

34. The material findings are as follows:

Usefulness of information

Measurability

Performance targets not measurable

35. The *National Treasury Framework for managing programme performance information (FMPPi)* requires that performance targets be measurable. The required performance could not be measured for all development priorities, objectives and key performance indicators as no targets were included in the Integrated Development Plan (IDP) for the 2011-12 financial year. This was due to the fact that management did not review the IDP before its adoption to ensure adherence to the legislative requirements of section 41 of the Municipal Systems Act 2000 (Act No. 32 of 2000)(MSA).

Compliance with laws and regulations

36. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Strategic planning and performance

37. The annual performance report was not presented in time as required by section 46 of the MSA and section 121(3) of the MFMA.

38. The performance management system did not provide for policies and procedures to take steps to improve performance as required by section 41(d) of the MSA.

39. The municipality does not have an approved Performance Management framework as required by regulation 7 of Local Government: Municipal planning and performance management regulations (GNR.796 of 24 August 2011).

40. The municipality had not reviewed its key performance indicators as required by regulation 11(1) of the Local Government: Municipal planning and performance management regulations (GNR.796 of 24 August 2011).

41. The municipality had not set targets for all of its development priorities, objectives and key performance indicators as required by regulation 12(1) and 2(e) of the Local Government: Municipal planning and performance management regulations (GNR.796 of 24 August 2011), and section 41(1)(b) of the MSA.

Annual financial statements

42. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer of opinion.

Procurement and contract management

43. Goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Municipal SCM regulation 17(a) & (c).

44. Goods and services with a transaction value above R200 000 were procured without inviting competitive bids as per the requirements of Municipal SCM regulation 19(a) and 36(1).

45. The municipality had procured goods from members that are in service of the state contrary to the requirements of section 44 of the Municipal SCM regulations.

Expenditure management

46. The accounting officer did not take reasonable steps to prevent unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Revenue management

47. Interest was not charged on all arrear accounts as required by section 64(2)(g) of the MFMA.

Asset Management

48. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.

Internal control

49. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

50. The accounting officer has not exercised adequate oversight over financial and performance information reporting resulting in material amendments to financial statements, non submission of the annual performance report and other findings on performance information as well as compliance matters as reported.

Financial and performance management

51. The accounting officer has not ensured that information is maintained and is readily available to support financial reporting. Material adjustments were made to financial statements, and performance information did not include the required information as per legislative requirements. The financial statements included uncorrected misstatements that has resulted in the disclaimer of the audit opinion.

Governance

52. There are inadequate risk assessments which have resulted in current and repeat findings not being addressed.

OTHER REPORTS

Investigations

53. The municipality had finalised two labour court cases during the year. Three investigations against officials are still in progress.

Auditor-General
Pietermaritzburg

30 November 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
1. Interest not raised on debtors (collectability of debtors).	<p>This is the first time this item has been raised by the auditors although it was a pre-existing issue.</p> <p>The debt collection policy for the municipality is silent about the raising of interest on outstanding balances. This resulted in the municipality never charging interest on outstanding amounts. There was also no resolution with regards to such a waiver.</p>	<p>An item will be submitted to the Finance Portfolio, Exco and Council for discussion and a resolution would be passed on whether to charge interest or not. As well as exemption not charge interest in the previous year.</p>	CFO	28 February 2013	None as yet.
2. No basis for calculation of provision for bad debts provided.	<p>The debt collection policy for the municipality is silent about the provision for doubtful debts, it only governs the actual write off. The practice over the years in the municipality has been to budget for a provision movement and actually use the budgeted amount as a</p>	<p>Amendment to the debt collection policy to include a basis or guide to calculate a provision for doubtful debts.</p> <p>This amendment to be submitted to the Finance Portfolio Committee, EXCO and Council for adoption.</p>	CFO	31 March 2013	<p>A policy review and workshop was held on the 29th and 30th October 2012. Debt Collection Policy to be submitted in the next finance portfolio committee meeting in February 2013.</p>

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	<p>provision. This resulted in the municipality not being able to justify the provision at year end, thus the reason for the qualification.</p> <p>This is the first time this item has been raised by the auditors although it was a pre-existing issue.</p>				
3. Investment property not recognized in the financial statements.	<p>Investment property relates to land which the municipality rents out, some of this property is general land which has never been subdivided or valued, this land sits on the valuation roll, as category "999" general land. There have never been values for this type of land and therefore not included in the asset register.</p> <p>This is the first time this</p>	<p>The municipality will extend the scope of the current valuation roll service providers to include this land as part of the valuation exercise. This value will be used to assertize this land on to the asset register.</p>	CFO	31 March 2013	None as yet.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	item has been raised by the auditors although it was a pre-existing issue.				
4. Provision for land rehabilitation.	The reason the municipality did not provide for this provision was due to the fact that the department of environmental affairs had committed to reconstruct the landfill site in 2009, the consultants were appointed and they are currently busy finalising the application of an operating license, this project is at an advance stage, thus the municipality's dump site will be new. A letter from the environmental affairs department was submitted to the auditors with regards to this project.	Assessment of the landfill site will be performed through the use of the consultants appointed by the environmental affairs department to manage the reconstruction of the Vryheid Landfill site.	CFO / Director Community Services	28 February 2013	None as yet.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
5. Completeness of assets / Profit on disposal of assets.	Assets were disposed by the Municipality through an auction on 29 June 2011, but the funds only reflected in July 2011. Since in an auction you can only transfer the asset when cash is received, the sale transaction was effected in the 2012 year, and this was explained to the auditors.	We are in discussions with the service providers that were used to prepare the asset register in the prior financial year, and adjustments will be made on the asset register and the general ledger.	CFO	28 February 2013	The municipality has obtained a quotation for from Munsoft, the financial system being used, for the intergration of our asset register. This will ensure that the fixed asset system is live and linked to the financial system.
6. Cash flow statement not agreeing to annual financial statements.	At the audit steering committee meeting held on Friday 23 November 2012, the Municipality was given an opportunity to respond to some audit conclusions that were made on the audit finding responses, this was to be submitted back to the AG by Monday 26 November. On submitting these adjustments the cash flow statement had not	This misstatement has been corrected in the AFS, that were not accepted by the AG.	CFO	This was fixed 27th November 2012.	N/a

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	<p>balanced as yet as the AFS were not linked on to the system, it required manual adjustments on the actual AFS. A set of AFS was sent to AG with this imbalance for them to check the other changes whilst the cash flow was being fixed. Unfortunately the Auditor General did not give us an opportunity to submit the corrected version afterwards. This resulted in this misstatement being reported.</p>				
7. Retirement benefits: Incorrect amounts disclosed in accordance with GRAP.	<p>This misstatement was corrected in the AFS and amounts were adjusted in the GL.</p>	<p>These items have been corrected on the AFS. These amounts are supplied by Independent Actuaries who supply this information at year end.</p>	CFO	Corrected already.	This has been corrected.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
8. Expenditure: Operating lease supporting documentation not provided.	Initially operating leases were not disclosed in the AFS, and an adjustment was done to correct this, and amounts were disclosed. The municipality did submit the supporting documentation on time to the Auditor General.	Copies of contracts and workings of the amounts have been prepared and filed.	CFO	Documentation available.	Documentation available.
9. Assets not impaired.	Assets were impaired and adjustments were made in AFS and GL for Emondlo Hall – Stand No. 1346 (R20,994) and Bulk filing cabinet (R68,200). The Bioswiss Factory's (R4,974,981.18) lease agreement was sent to AG and initially a lease with only the municipality's signature was sent and then a correct lease with both signatures was also sent to prove that the Bioswiss Factory was not to be	Corrective actions were done, explanations were given and supporting documents submitted.	CFO	These corrective measures were done before the 26th November 2012.	N/A

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	impaired.				
10. Assets not found (completeness of assets).	The items not found related to assets that are below R5,000 which are not capitalised to the asset register but rather expensed when they are bought.	A stock list of assets under R5,000 has to be updated, and also intergrated to Munsoft the municipality's financial system.	CFO	28 February 2013	The municipality has obtained a quotation for from Munsoft, the financial system being used, for the intergration of our asset register. This will ensure that the fixed asset system is live and linked to the financial system.
11. Assets not found on register – completeness of assets.	The items not found related to assets that are below R5,000 which are not capitalised to the asset register but rather expensed when they are bought.	A stock list of assets under R5,000 has to be updated, and also intergrated to Munsoft the municipality's financial system.	CFO	28 February 2013	The municipality has obtained a quotation for from Munsoft, the financial system being used, for the intergration of our asset register. This will ensure that the fixed

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
					asset system is live and linked to the financial system.
12. Assets not found on register – assets per count not traceable.	The items not found related to assets that are below R5,000 which are not capitalised to the asset register but rather expensed when they are bought.	A stock list of assets under R5,000 has to be updated, and also intergrated to Munsoft the municipality's financial system.	CFO	28 February 2013	The municipality has obtained a quotation for from Munsoft, the financial system being used, for the intergration of our asset register. This will ensure that the fixed asset system is live and linked to the financial system.
13. No useful lives on assets.	A response was submitted to the Auditor General whereby the Bhekuzulu, Coronation and Louwsburg housing did not belong to the municipality and thus was supposed to have been excluded from the asset	A detailed analysis of the asset register as well as intergration of the asset register to Munsoft the financial system to be done with the assistance of the service providers that were used to prepare the fixed	CFO	28 February 2013	Discussions with the service provider have been initiated, a date early in January is being decided on, for the intergration of the asset register to Munsoft.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	register these items were asserted in 2003/4 years. They had never been depreciated before. All the other items were adjusted in the fixed asset register and GL.	asset register in the prior year.			
14. Discounting of debtors: Invalid supporting calculation + adherence to GRAP / Interest not charged on arrears.	<p>These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.</p> <p>Supporting calculations and adjustments were done, in the "clean" set of AFS that the municipality did not have an opportunity to submit after 26 November 2012.</p>	This was corrected.	CFO	Already corrected	This calculation will now be done on a quarterly basis.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
15. Net assets per statement of financial performance does not agree to accumulated surplus.	These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.	These misstatements were fixed, but after 26th November 2012. More training to be given to finance staff members responsible for the preparation of AFS.	CFO	N/A	These misstatements have been fixed.
16. Receivables: Note 6 not agreeing to amount in the statement of financial position.	These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.	These misstatements were fixed, but after 26th November 2012. More training to be given to finance staff members responsible for the preparation of AFS.	CFO	N/A	These misstatements have been fixed.
17. Provisions: Note 11 not agreeing to amount in the statement of financial position – opening balance.	These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.	These misstatements were fixed, but after 26th November 2012. More training to be given to finance staff members responsible for the preparation of AFS.	CFO	N/A	These misstatements have been fixed.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
18. Total Revenue: Note 15 not agreeing to amount in the statement of financial performance.	These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.	These misstatements were fixed, but after 26th November 2012. More training to be given to finance staff members responsible for the preparation of AFS.	CFO	N/A	These misstatements have been fixed.
19. Revenue - Property rates: Note 16 not agreeing to amount in the statement of financial performance.	These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.	These misstatements were fixed, but after 26th November 2012. More training to be given to finance staff members responsible for the preparation of AFS.	CFO	N/A	These misstatements have been fixed.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
20. Employee related costs: Note 21 not agreeing to amount in the statement of financial performance.	These are misstatements are a result of not achieving the deadline to submit corrected AFS after adjustments as the cut off given by AG was the 26th November 2012.	These misstatements were fixed, but after 26th November 2012. More training to be given to finance staff members responsible for the preparation of AFS.	CFO	N/A	These misstatements have been fixed.
21. Completeness of contingent liabilities: Amount per audit confirmation not disclosed.	The municipality did not have controls in place to ensure that all contingent liabilities are accounted for.	The municipality will be sending legal confirmations in March 2012 and then an update in June 2012 to ensure completeness.	CFO	30 April 2013	None as yet.
EMPHASIS OF MATTER					
22. Errors discovered during the 2011-2012 financial year in the financial statements of the Abaqulusi Municipality for the year ended 30 June 2011.	These are errors discovered in the current financial year that have resulted in the prior year AFS to be restated.	These errors were corrected and restated in the current financial year.	CFO	N/A	Already
23. Material distribution losses amounting to R15,434,328 for electricity and R31,902,148 for water were	These distribution losses, are still very material.	An audit of both water and electricity meters will start in January 2013. This will	CFO / Manager Water	30 April 2013	The service provider has been appointed to audit the electricity

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
incurred as a result of electricity and water distribution losses.		run over a 3 to 4 month period. This inspection will be checking whether the meters are in working condition, and also checking for illegal connections. Bulk water meters will also be installed in the processing plants to truly assess the inflow of raw water and outflow of purified water from the treatment plants.	Services		and water meters. Scheduled to start 1 February 2013.
24. Unauthorised expenditure of R19,173,112 was incurred by the municipality.	The explanations for unauthorized expenditure are attached on the AFS.	An item with explanations has been prepared and submitted to Exco and Council for the ratification of this unauthorized expenditure. R12m of the amount relates to the electrification of the Eskom areas of which funding was received by the municipality from DoE. These funds were budgeted for as capital	CFO	31 January 2013	An item has been prepared and submitted for Exco and Council.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
		expenditure, but at the actual recording it was assessed that the spend in Eskom areas cannot be capitalized as a municipal asset, therefore had to classify the spend as operational expenditure.			
25. Fruitless and wasteful expenditure to the amount of R618,087 relating to payment of acting allowances.	This is payment of acting allowances in instances where the employees had acted in positions for periods in excess of 6 months. This non compliance was discontinued in April 2012.	This is no longer an issue as it was stopped in April 2012.	Director Corporate Services / CFO	Already stopped.	CFO reviews all acting allowances before approving the payroll to ensure that no employee exceeds this period.
FINDINGS ON PREDETERMINED OBJECTIVES					
26. Required performance could not be measured for all development priorities, objectives and key performance indicators as no targets were included in the	The Performance Management System procedures were not performed in the 2011/12 year, therefore there were	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30	Director Corporate Services	On going	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
<p>IDP for the 2011-2012 financial year.</p> <p>This was due to the fact that management did not review the IDP before its adoption.</p>	no measurable targets as per the finding.	September 2012.			for the quarter ended 30 September 2012.
FINDINGS ON Compliance with laws and regulations					
27. The annual report was not presented in time as required by section 46 of the Municipal Systems Act and section 121(3) of the Municipal Finance Management Act.	The Performance Management System procedures were not performed in the 2011/12 year, therefore there were no measurable targets as per the finding.	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.	Director Corporate Services	On going	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.
28. The performance management system did not provide for policies and procedures to take steps to improve performance as required by section 41(d) of the Municipal Systems Act (No. 32 of 2000).	The Performance Management System procedures were not performed in the 2011/12 year, therefore there were no measurable targets as per the finding.	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.	Director Corporate Services	On going	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
29. The municipality did not have an approved Performance Management framework as required by Regulation 7 of Local Government: Municipal Planning and Performance Management regulations (GNR.796 of 24 August 2011).	The Performance Management System procedures were not performed in the 2011/12 year, therefore there were no measurable targets as per the finding.	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.	Director Corporate Services	On going	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.
30. The municipality had not reviewed its key performance indicators as required by Regulation 11(1) of the Local Government: Municipal Planning and Performance Management Regulations (GNR.796 of 24 August 2011)	The Performance Management System procedures were not performed in the 2011/12 year, therefore there were no measurable targets as per the finding.	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.	Director Corporate Services	On going	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.
31. The municipality had not set targets for all of its development priorities, objectives and key performance indicators as required by Regulation 12(1) and 2(e) of the Local Government: Municipal Planning and Performance	The Performance Management System procedures were not performed in the 2011/12 year, therefore there were no measurable targets as per the finding.	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.	Director Corporate Services	On going	In the 2012/13 the PMS process is in place quarterly reports were submitted against performance targets for the quarter ended 30 September 2012.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
Management Regulations (GNR.796 of 24 August 2011), and section 41(1)(b) of the Municipal Systems Act.					
32. The financial statements were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by auditors were not adequately corrected, which resulted in the financial statements receiving a disclaimer of opinion.	All misstatements have been explained above, the municipality prepared the financial statements without consultants for the first time in June 2012, the Municipality also procured Caseware to prepare the AFS, there were a lot of initial implementation problems which the staff members of the municipality had to fix themselves which caused the time to adequately review financial statements to be limited. This process has in turn empowered the Municipality's finance staff to be able to continue	An interim audit as at 30 April 2013 is suggested for the current financial year. This will ensure that AFS are prepared before the year end and all issues are accounted for before submission of the AFS on 31 August 2013. The finance department will ensure that they are audit ready by the 30th April 2013 so that the auditors can audit the financials as at 30 April 2013.	CFO	30 April 2013	All issues relating to the audit report would have been resolved by this period. Plans are already in place to resolve the fixed assets and contingent liabilities, which were a major contributor to the disclaimer.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	preparing AFS themselves in the future. This was at the expense of a positive audit report.				
33. Interest was not charged on all arrears accounts as required by section 64(2)(g) of the Municipal Finance Management Act.	The debt collection policy for the municipality is silent about the raising of interest on outstanding balances. This resulted in the municipality never charging interest on outstanding amounts. There was also no resolution with regards to such a waiver.	An item will be submitted to the Finance Portfolio, Exco and Council for discussion and a resolution would be passed on whether to charge interest or not.	CFO	28 February 2013	None as yet
34. Goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three (3) different prospective providers as per the requirements of the Municipal SCM Regulations 17(a) & (c).	This audit finding was raised in the 30 June 2011 audit report. These noncompliances occurred prior to the implementation of the 30 June 2011 action items.	The Supply Chain Manager is still suspended due to certain irregularities discovered. A Supply Chain Manager was seconded to assist the department, and these findings have been addressed. An internal audit on SCM has been completed	CFO / SCM	31 January 2013	Report to be tabled at the audit committee meeting, on 29 January 2013.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
		in the 2012/13 year, and a report will be tabled in January to the audit committee.			
35. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids as per the requirements of Municipal SCM Regulations 19(a) & 36(1).	This audit finding was raised in the 30 June 2011 audit report. These noncompliances occurred prior to the implementation of the 30 June 2011 action items.	The Supply Chain Manager is still suspended due to certain irregularities discovered. A Supply Chain Manager was seconded to assist the department, and these findings have been addressed. An internal audit on SCM has been completed in the 2012/13 year, and a report will be tabled in January to the audit committee.	CFO / SCM	31 January 2013	Report to be tabled at the audit committee meeting, on 29 January 2013.
36. The Municipality had procured goods from members that are in service of the state contrary to the requirements of Section 44 of the Municipal SCM Regulations.	This audit finding was raised in the 30 June 2011 audit report. These noncompliances occurred prior to the implementation of the 30 June 2011 action	The Supply Chain Manager is still suspended due to certain irregularities discovered. A Supply Chain Manager was seconded to assist the department, and	CFO / SCM	31 January 2013	Report to be tabled at the audit committee meeting, on 29 January 2013.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	items.	these findings have been addressed. An internal audit on SCM has been completed in the 2012/13 year, and a report will be tabled in January to the audit committee.			
37. The accounting officer did not take reasonable steps to prevent unauthorised expenditure, irregular expenditure and fruitless & wasteful expenditure, as required by Section 62(1)(d) of the MFMA.	This audit finding was raised in the 30 June 2011 audit report. These noncompliances occurred prior to the implementation of the 30 June 2011 action items.	The Supply Chain Manager is still suspended due to certain irregularities discovered. A Supply Chain Manager was seconded to assist the department, and these findings have been addressed. An internal audit on SCM has been completed in the 2012/13 year, and a report will be tabled in January to the audit committee.	MM	31 January 2013	Report to be tabled at the audit committee meeting, on 29 January 2013.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
38. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.	N/a	A detailed analysis of the asset register as well as intergration of the asset register to Munsoft the financial system to be done with the assistance of the service providers that were used to prepare the fixed asset register in the prior year.	CFO	28 February 2013	Discussions with the service provider have been initiated, a date early in January is being decided on, for the intergration of the asset register to Munsoft.
39. The accounting officer has not exercised adequate oversight over financial and performance information reporting resulting in material amendments to financial statements, non submission of the annual performance report and other findings on performance information as well as compliance matters as reported.	All misstatements have been explained above, the municipality prepared the financial statements without consultants for the first time in June 2012, the Municipality also procured Caseware to prepare the AFS, there were a lot of initial implementation problems which the staff members of the municipality had to fix themselves which caused	An interim audit as at 30 April 2013 is suggested for the current financial year. This will ensure that AFS are prepared before the year end and all issues are accounted for before submission of the AFS on 31 August 2013. The finance department will ensure that they are audit ready by the 30th April 2013 so that the auditors can audit the financials as at 30 April	CFO	30 April 2013	All issues relating to the audit report would have been resolved by this period. Plans are already in place to resolve the fixed assets and contingent liabilities, which were a major contributor to the disclaimer.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	the time to adequately review financial statements to be limited. This process has in turn empowered the Municipality's finance staff to be able to continue preparing AFS themselves in the future. This was at the expense of a positive audit report.	2013.			
40. The accounting officer has not ensured that information is readily available to support financial reporting. Material adjustments were made to financial statements, and performance information did not include the required information as per legislative requirements. The financial statements included uncorrected misstatements, that resulted in the disclaimer.	All misstatements have been explained above, the municipality prepared the financial statements without consultants for the first time in June 2012, the Municipality also procured Caseware to prepare the AFS, there were a lot of initial implementation problems which the staff members of the municipality had to fix themselves which caused	An interim audit as at 30 April 2013 is suggested for the current financial year. This will ensure that AFS are prepared before the year end and all issues are accounted for before submission of the AFS on 31 August 2013. The finance department will ensure that they are audit ready by the 30th April 2013 so that the auditors can audit the financials as at 30 April	CFO	30 April 2013	All issues relating to the audit report would have been resolved by this period. Plans are already in place to resolve the fixed assets and contingent liabilities, which were a major contributor to the disclaimer.

ABAQULUSI MUNICIPALITY MEASURES TO ADDRESS ISSUES RAISED IN THE AG'S REPORT FOR THE YEAR ENDED 30 JUNE 2012					
AUDIT FINDING	BACKGROUND	MANAGEMENT ACTION PLAN	PERSON RESPONSIBLE	DUE DATE	PROGRESS
MATERIAL MISTATEMENTS					
	the time to adequately review financial statements to be limited. This process has in turn empowered the Municipality's finance staff to be able to continue preparing AFS themselves in the future. This was at the expense of a positive audit report.	2013.			

Financial Statements for the year ended 30 June 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			RESTATED
Current Assets			
Inventories	5	7,259,973	6,717,345
Receivables from exchange transactions	6	30,543,615	31,773,140
Vat receivables	13	266,738	367,253
Cash and cash equivalents	7	35,757,932	3,937,953
		73,828,258	42,795,691
Non-Current Assets			
Property, plant and equipment	2	236,743,432	238,587,855
Intangible assets	3	35,814	74,431
Investments	4	26,909,907	45,979,466
		263,689,153	284,641,752
Total Assets		337,517,411	327,437,443
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	29,709,839	22,175,905
VAT payable	13	0	0
Consumer deposits	14	11,377,706	10,898,824
Unspent conditional grants and receipts	10	19,193,178	9,403,105
Provisions	11	0	0
Current portion of liabilities		1,856,000	
		62,136,723	42,477,834
Non-Current Liabilities			
Long term liabilities	9	0	1,856,000
Retirement benefit obligation	40	40,587,258	32,676,645
		40,587,258	34,532,645
Total Liabilities		102,723,981	77,010,479
Net Assets		234,793,430	250,426,964
Net Assets			
Reserves			
Housing Development Fund	8	-	776,947
Accumulated surplus		235,123,508	249,433,438
Total Net Assets		235,123,508	250,210,385

AbaQulusi Municipality Financial Statements for the year ended 30 June 2012 Statement of Financial Performance				
Figures in Rand		Note(s)	2012	2011
				RESTATED
Revenue				
Property rates		16	35,131,478	31,266,465
Service charges		17	166,315,713	150,359,571
Property rates - penalties imposed and collection charges			881,036	722,977
Rental of facilities and equipment			651,184	518,058
Interest received - outstanding debtors		38	17,477	613,921
Fines			1,496,793	1,551,605
Licences and permits			6,206,999	4,450,583
Government grants & subsidies		18	107,818,336	82,246,937
Other income		19	1,264,789	1,693,525
Interest received - investment		23	3,522,342	3,466,658
Gains on disposal of assets			956,407	0
Total Revenue		15	324,262,554	276,890,300
Expenditure				
Employee related costs		21 / 40	-96,279,825	-89,055,266
Remuneration of Councillors		22	-11,264,369	-9,991,926
Depreciation and amortisation		24	-15,864,138	-16,848,242
Finance costs		25	-126,280	-125,370
Provision for doubtful debtors			-8,400,000	-3,351,999
Repairs and maintenance			-15,660,791	-12,916,397
Bulk purchases		28	-101,328,354	-79,984,814
Contracted services		37	-28,225,972	-25,964,591
Grants and subsidies paid		36	-27,871,304	-14,870,982
General Expenses		20	-32,774,504	-29,018,809
Total Expenditure			-337,795,537	-282,128,396
Surplus (deficit) for the year			-13,532,983	-5,238,096

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

Figures in Rand	Capitalization reserve	Accumulated surplus	Total net assets
Balance at 01 July 2010	746,846	254,080,488	254,827,334
Changes in net assets			
Interest on Housing Development Fund	30,101	-	30,101
Net income (losses) recognised directly in net assets	30,101	-	30,101
Surplus for the year	-	-5,238,095	-5,238,095
Total recognised income and expenses for the year	30,101	-5,238,095	-5,207,994
Total changes	30,101	-5,238,095	-5,207,994
Balance at 01 July 2011	776,947	248,842,393	249,619,340
Changes in net assets			
Prior year adjustments		-185,902	-185,902
Restated Balance at 01 July 2011	776,947	248,656,491	249,433,438
Surplus for the year	-	-13,532,983	-13,532,983
Housing Development Fund	-776,947	-	-776,947
Total changes	-776,947	-13,532,983	-14,309,930
Balance at 30 June 2012	0	235,123,508	235,123,508

AbaQulusi Municipality
Financial Statements for the year ended 30 June 2012

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Sale of goods and services		201,039,044	207,450,372
Grants and Subsidies		117,608,409	82,246,936
Interest income-external investments		3,522,342	3,466,658
Other receipts		10,481,963	-
		332,651,758	293,163,966
Payments			
Employee costs		-95,115,716	-97,540,660
Suppliers		-213,901,731	-177,754,482
Finance costs		-126,280	-125,370
		-309,143,727	-275,420,512
Net cash flows from operating activities	29	23,508,031	17,743,454
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-13,780,922	-19,431,490
Proceeds from sale of property, plant and equipment	2	956,407	-
(Decrease)/Increase in Non-Current Investments		10,069,558	-7,482,451
(Decrease)/Increase in Reserves		-776,934	-
Net cash flows from investing activities		3,531,891	-26,913,941
Cash flows from financing activities			
Movement in consumer deposits		-	2,896,485
Net increase/(decrease) in cash and cash equivalents		19,976,140	-6,274,002
Cash and cash equivalents at the beginning of the year		3,937,953	10,211,955
Cash and cash equivalents at the end of the year	7	23,914,093	3,937,953

ABAQULUSI MUNICIPALITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

1.1 Changes in accounting policy and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2011 and 30 June 2012 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- a) Is required by a Standard of GRAP; or
- b) Results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

1.2 Critical judgments, estimations and assumptions

The following are the critical judgments, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 9.2 on Revenue from Exchange Transactions and Accounting Policy 9.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above) . In particular, whether the municipality, when goods are sold, had transferred to the

buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities into categories, is based on judgment by management.

1.2.3 Useful lives of Property, Plant and Equipment (“PPE”)

As described in Accounting Policies 3.3, 4 & 5, the municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.3 Presentation currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going concern assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

2 HOUSING OPERATING ACCOUNT

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the Entity.

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost, where applicable, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalises the new component. Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3.3 Depreciation

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives, are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Infrastructure

Other

• Roads and Paving	10 - 15
• Buildings	30
• Pedestrian Malls	30
• Specialist vehicles	5 - 7
• Electricity	20
• Other vehicles	5
• Water	20
• Office equipment	5

• Sewerage	20
• Furniture and fittings	5 - 7
• Bins and containers	10
• Community	
• Specialized plant and equipment	7
• Buildings	30
• Other items of plant and equipment	5
• Recreational Facilities	30
• Landfill sites – preparation	N/A
• Security – Fencing	3
• Quarries	N/A
• Halls	30
• Emergency equipment	7
• Libraries	30
• Computer equipment	3 - 5
• Parks and gardens	30
• Other assets	
• Heritage assets	
• Buildings	0
• Paintings and artifacts	0
• Finance lease assets	
• Office equipment	5
• Other assets	5

3.4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.5 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

3.6 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

3.7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation . Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3.8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

3.9 Transitional Provision

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007.

3.10 Impairment losses

The municipality does an impairment assessment once a year. When impairment losses are incurred they are taken to income statement.

4 INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense when incurred.

4.2 Measurement Basis

The cost model has been used to measure the Intangible assets in terms of GRAP 102 paragraph 77. Intangible assets are amortised over 3 to 5 years.

4.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.4 Subsequent Measurement

Compensation from third parties for items of intangible assets that were impaired, or given up is included in surplus or deficit when the compensation becomes receivable.

4.5 Impairment losses

The municipality does an impairment assessment once a year. When impairment losses are incurred they are taken to income statement.

5 INVESTMENT PROPERTY

5.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgment, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:
- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale

- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

6 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

6.1 Financial Assets - Classification

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors (see note 6)
- Short-term Investment Deposits
- Bank Balances and Cash

The *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset Classification

- Short-term Investment Deposits – Call Held-to-maturity investments
- Bank Balances and Cash Available for sale investments
- Long-term Receivables Loans and receivables
- Consumer Debtors Loans and receivables
- Other Debtors Loans and receivables
- Investments in Fixed Deposits Held-to-maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial

Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

6.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of

Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 12)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities

- Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification determining how they are measured.

Financial liabilities may be measured as:

Fair value through profit or loss; or

Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Financial Liabilities of the municipality are all classified as "Other financial liabilities".

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

6.3.2 Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method.

6.3.3 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

6.4 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6.5 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

6.6 Transitional Provisions

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of GRAP 3.

7 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

7.1 Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

7.2 Liquidity Risk

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of IFRS 7 and GRAP 3.

8 INVENTORIES

8.1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

8.2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public

auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date has been calculated on the lowest tariff.

9 REVENUE RECOGNITION

9.1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.2 Revenue from Exchange Transactions

9.2.1 Service Charges

Service charges relating to electricity, water, solid waste, sanitation and sewage are levied in terms of the approved tariffs. Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

9.2.2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards made in the last month of the financial year is recognised based on an estimate of the prepaid electricity consumed as at the reporting date with reference to the consumption patterns of the individual users.

9.2.3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

9.2.4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

9.2.5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

9.2.6 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

9.2.7 Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight- line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

9.3 Revenue from Non-exchange Transactions

9.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

9.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

9.3.3 Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

9.3.4 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

9.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Such revenue is based on legislated procedures. Legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and are recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

10 GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding

of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

12 EMPLOYEE BENEFITS

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Defined Contribution Plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

12.3 Defined Benefit Plans

A defined benefit plan is a post- employment benefit plan other than a defined contribution plan.

12.3.1 Pension obligations

The municipality and its employees contribute to 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The defined benefit fund was last actuarially valued during the reporting period ending 30 June 2009.

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment hereof is made in the course of the municipality's normal budgeting processes."

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.3.2 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The defined benefit liability is the aggregate of the present value of the defined benefit obligation and recognised actuarial gains and losses, adjusted by past service costs where applicable. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and an appropriate discount rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

13. LONG-SERVICE ALLOWANCE

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

14 LEASES

14.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term. Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

14.2 The Municipality as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or installment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

15 BORROWING COSTS

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 3.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

16 VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

17 CASH AND CASH EQUIVALENTS

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers

Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

21 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Although the retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality), the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the retrospective application, where practicable, of changes in accounting policies affected by management in the previous financial year. The municipality continued to apply changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance management retrospectively, with the requirements of GRAP 3.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 36 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

Although the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective in the previous financial year. The municipality continued

to identify and disclose the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

22 RELATED PARTIES

23 EVENTS AFTER THE REPORTING DATE

24 COMPARATIVE INFORMATION

24.1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

25 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

26 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

27 CAPITAL COMMITMENTS

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases.

Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
2. Property, plant and equipment						
Land	21,399,290	-	21,399,290	21,399,290	-	21,399,290
Buildings- Owned	32,526,683	-9,483,409	23,043,274	32,526,683	-8,615,169	23,911,514
Infrastructure	304,247,024	-134,283,581	169,963,443	290,890,134	-120,175,230	170,714,904
Community	22,683,850	-5,159,524	17,524,326	22,567,797	-4,602,636	17,965,161
Specialised vehicles	1,119,476	-1,119,476	0	1,119,476	-1,119,476	-
Heritage	2,942,039	0	2,942,039	2,942,039	-621,639	2,320,400
Other property, plant and equipment	23,051,922	-21,180,862	1,871,060	22,743,943	-20,467,357	2,276,586
Total	407,970,284	-171,226,852	236,743,432	394,189,362	-155,601,507	238,587,855
Reconciliation of property, plant and equipment - 2012						
			Opening balance	Additions	Depreciation	Total
Land			21,399,290	-	-	21,399,290
Buildings- Owned			23,911,514	-	-868,240	23,043,274
Infrastructure			170,714,904	13,356,890	-14,108,351	169,963,443

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Community	17,965,161	116,053	-556,888	17,524,326
Heritage	2,320,400	-	621639	2,942,039
Other property, plant and equipment	2,276,586	307,979	-713,505	1,871,060
	<u>238,587,855</u>	<u>13,780,922</u>	<u>-15,625,345</u>	<u>236,743,432</u>

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Land	21,145,938	253,352	-	21,399,290
Buildings- Owned	25,010,014	-	-1,098,500	23,911,514
Infrastructure	165,828,360	18,944,764	-14,058,220	170,714,904
Community	18,381,055	99,999	-515,893	17,965,161
Heritage	2,409,271	-	-88,871	2,320,400
Other property, plant and equipment	3,671,902	133,375	-1,042,622	2,762,655
	<u>236,446,540</u>	<u>19,431,490</u>	<u>-16,804,106</u>	<u>239,073,924</u>

Reconciliation of work in progress - 2012

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	-	-	-
Additions/Capital expenditure	13,356,890	116,053	-	13,472,943
Other movements(specify)	-	-	-	-
Transferred to completed items	-	-	-	-

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

	13,356,890	116,053	-	13,472,943
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Reconciliation of work in progress - 2011

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	-	-	-
Additions/Capital expenditure	18,944,764	-	-	18,944,764
Other movements(specify)	-	-	-	-
Transferred to completed items	-	-	-	-
	18,944,764	-	-	18,944,764

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
3. Intangible assets						
Intangible assets	1,216,566	-1,180,752	35,814	1,216,566	-1,142,135	74,431

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Intangible assets	74,431	-38,617	35,814

Reconciliation of intangible assets - 2011

	Opening balance	Amortisation	Total
Intangible assets	118,567	-44,136	74,431

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

	2012	2011
4. Investments		
Held to maturity		
Investments	35,909,908	45,979,466
Terms and conditions		
Non-current assets		
Investments	35,909,908	45,979,466
Investment Bank account		
SIMS Sanlam Account - Account Number MUNVRY Investment Account		
Bank statement balance at the beginning of the year	38,054,169	35,629,128
Bank statement balance at the end of the year	19,686,091	38,054,169
Investment Bank account		
Absa Bank Account - Vryheid Branch Account Number 5598098427 Investment Account		
Bank statement balance at the beginning of the year	1,489,830	1,489,830
Bank statement balance at the end of the year	1,489,830	1,489,830

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Investment Bank account

Absa Bank Account - Vryheid Branch

Account Number 9122861337 Investment Account

Bank statement balance at the beginning of the year	776,947	746,846
Bank statement balance at the end of the year	2,194	776,947

Investment Bank account

Absa Bank Account - Vryheid Branch

Account Number 9229810534 Investment Account

Bank statement balance at the beginning of the year	658,520	631,210
Bank statement balance at the end of the year	685,081	658,520

Investment Bank account

First National Bank - Vryheid Branch

Account Number 74310288535 Investment Account

Bank statement balance at the beginning of the year	5,000,000	-
Bank statement balance at the end of the year	5,046,711	5,000,000

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2012 and 2011, as all the financial assets were disposed of at their redemption date.

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

	2012	2011
5. Inventories		
Water inventory	94,663	94,663
Consumable stores	7,165,310	6,622,682
	7,259,973	6,717,345
6. Receivables from exchange transactions		
Trade debtors	26,910,267	25,755,792
Other debtors	6,194,915	6,426,048
	33,105,182	33,374,602
CONSUMER DEBTORS		
Rates	12,705,299	9,531,984
Electricity	7,663,874	7,210,655
Water	7,343,415	6,289,540
Sewerage	6,957,236	5,028,609
Refuse	5,076,712	3,594,435
Other	8,183,827	7,463,145
Value Added Taxation	4,021,280	3,278,800

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Total service debtors	51,951,643	42,397,168
Less provision for bad debts	(24,444,995)	(16,044,995)

Total	27,506,648	26,352,173
Plus Debtor Discounting	-596,381	-596,381
Total	26,910,267	25,755,792

Rates: Ageing

Current (0 – 30 days)	2,832,875	2,465,398
31 - 60 Days	494,884	476,390
61 - 90 Days	475,190	355,484
91 - 120 Days	415,966	319,582
Greater than 120 days.	8,486,384	5,915,130
Total	12,705,299	9,531,984

2012 2011

Electricity: Ageing.

Current (0 – 30 days)	5,972,129	5,838,799
31 - 60 Days	174,895	190,974
61 - 90 Days	133,628	82,645
91 - 120 Days	73,148	63,010
Greater than 120 days.	1,310,074	1,035,227
Total	7,663,874	7,210,655

2012 2011

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Water: Ageing.

Current (0 – 30 days)	3,134,019	2,019,866
31 - 60 Days	405,008	219,497
61 - 90 Days	315,803	199,915
91 - 120 Days	192,348	1,758,454
Greater than 120 days.	3,296,237	2,091,808
Total	7,343,415	6,289,540

Sewerage: Ageing.

Current (0 – 30 days)	1,537,764	1,130,330
31 - 60 Days	395,204	257,363
61 - 90 Days	331,405	226,599
91 - 120 Days	268,905	208,834
Greater than 120 days.	4,423,958	3,205,483
Total	6,957,236	5,028,609

Refuse: Ageing.

Current (0 – 30 days)	1,158,102	864,543
31 - 60 Days	284,370	190,066
61 - 90 Days	249,364	165,212
91 - 120 Days	196,880	151,445
Greater than 120 days.	3,187,996	2,223,170
Total	5,076,712	3,594,436

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Other: Ageing.

Current (0 – 30 days)	511,334	717,220
31 - 60 Days	123,664	298,836
61 - 90 Days	236,126	198,387
91 - 120 Days	193,698	174,778
Greater than 120 days.	7,119,005	6,073,924
Total	8,183,827	7,463,145

NB: Refer to Reclassification Note (Note 31)

Other Aging comprises of interest, old debt, penalties, collection fees, legal fees, sundry charge, indigent support and agreements, broken down as follows:

Adjustments	336,704	505,224
Service Charges	477,226	487,317
Interest	2,815,115	2,327,051
Old Debt	3,691	5,361
Penalties	3,700,490	3,311,641
Coll fees	62,092	62,348
Legal fees	368,995	386,760
Sundry charge	53,126	53,222
Indigent support	99,886	110,572
Agreements	266,502	213,649
Total	8,183,827	7,463,145

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

	2012	2011
<u>Value Added Taxation: Ageing.</u>		
Current (0 – 30 days)	1,697,557	1,299,509
31 - 60 Days	178,809	134,309
61 - 90 Days	164,793	104,564
91 - 120 Days	120,181	312,501
Greater than 120 days.	1,859,940	1,427,917
Total	4,021,280	3,278,800
<u>Add Back credits included above: Ageing.</u>		
Current (0 – 30 days)	-407,637	-234,224
31 - 60 Days	-19,853	-100,784
61 - 90 Days	-44,781	-107,641
91 - 120 Days	-109,452	-21,653
Greater than 120 days.	-286,303	-89,262
Total	-868,026	-553,564
<u>Reconciliation of the doubtful debt provision</u>		
Balance at beginning of the year	16,044,995	13,008,047
Consumer Debtors	16,044,995	13,008,047
Other Debtors	-	-
Contribution for the year	8,400,000	3,036,948

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Consumer Debtors	8,400,000	3,036,948
Other Debtors	-	-
(Release from) Contribution to provision	-	-
Consumer Debtors	-	-
Other Debtors	-	-
Bad Debts written of against provision.		
Consumer Debtors	24,444,995	16,044,995
Other Debtors	-	-
Balance at end of year.	24,444,995	16,044,995

2012 2011

OTHER DEBTORS

Sundry Debtors	4,482,930	3,596,760
Other debtors	1,690,561	2,600,160
Accrual Interest	21,424	21,424
Total Other Debtors	6,194,915	6,218,344

DISCLOSURE ENTRIES BANK ACCOUNT

Year End Adjustments (Deposits in transit etc)	-	207,705
Total Other Debtors	6,194,915	6,426,049

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on hand and Petty cash	6,970	6,970
Bank balances	4,501,434	1,003,076
Short-term deposits	31,249,528	2,927,907
	35,757,932	3,937,953

BANK BALANCES AND CASH

Cash and cash equivalents consist of the following:

Cash on hand	-	-
Petty Cash	6,970	6,970
	6970	6,970

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

The Municipality has the following main bank accounts: -

Primary Bank Account

Absa Bank Limited Vryheid Branch Account Number 1005001109

Cash book balance at beginning of year	949,989	3,232,807
Cash book balance at end of year	4,501,434	949,989
Bank statement balance at beginning of year	1,003,076	3,996,661
Bank statement balance at end of year	5,029,273	1,003,076

2012	2011
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Investment Bank account

Absa Bank Account - Vryheid Branch

Account Number 9195460586 Short Term Investment Account

Bank statement balance at the beginning of the year	96,589	3,477,801
Bank statement balance at the end of the year	2,884,441	96,589

Investment Bank account

Absa Bank Account - Vryheid Branch

Account Number 9229810136 Short Term Investment Account

Bank statement balance at the beginning of the year	1,941,321	1,860,812
Bank statement balance at the end of the year	2,019,625	1,941,321

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Investment Bank account

Absa Bank Account - Vryheid Branch

Account Number 9061060389 Short Term Investment Account

Bank statement balance at the beginning of the year	889,997	870,712
Bank statement balance at the end of the year	901,396	889,997

Investment Bank account

Standard Bank Account - Vryheid Branch

Account Number Short Term Investment Account

Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	5,125,245	-

Investment Bank account

Investec Account - Durban Branch

Account Number Short Term Investment Account

Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	10,279,214	-

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Investment Bank account

Standard Bank Account - Vryheid Branch

Account Number 068461763-004 Short Term Investment Account

Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	5,039,608	-

Investment Bank account

Standard Bank Account - Vryheid Branch

Account Number 068461763-005 Short Term Investment Account

Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	5,000,000	-

	2012	2011
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8. Housing development fund

Housing Development Fund	-	776,947
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The housing development fund is represented by the following assets and liabilities

Cash and cash equivalents (Investments)	-	776,947
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Note: The Department of Human Settlements required municipalities to return the funds held on its behalf. An amount of R 793 039.38 was transferred on 16 February 2012.

9. Long term liabilities

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Non current liability		
Annuity loan	1,856,000	1,856,000
Less: Current portion transferred to current liabilities	-1,856,000	-
	-	1,856,000

Non-current liabilities

At amortised cost	-	1,856,000
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Loan granted to the municipality by DBSA at an interest rate of 6.75% per annum, being redeemed in six monthly installments, including interest, in April and October until 2014 only commencing repayment after two years.

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Assistance Program Grant	504,098	504,098
Integrated National Electrification Grant	243,176	4,291,243
Gijima Grant	38,830	38,830
EDI Grant	55,518	139,893
Land Use Management Grant	229,850	229,850
Provincial Housing Grant	60,000	60,000
Municipal Infrastructure Grant	8,336,412	3,855,160
Upgrade Billing Emondlo	3,166	29,603
Performance Management System	29,045	29,045

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Housing Grant	225,383	225,383
COGTA Grant : Thusong Centre	5,867,700	-
Emergency Repair Grant (COGTA)	3,600,000	-
	19,193,178	9,403,105

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 18 for reconciliation of grants from National/Provincial Government and receipts.

These amounts are committed and are invested in a ring-fenced investment until utilised.

11. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Adjustment	Total
Performance bonus	1,293,694	-1,292,750	944

Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Performance bonus	593,894	699,800	1,293,694

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

12. Payables from exchange transactions

Trade payables	22,849,596	19,788,809
Other creditors	6,456,281	2,351,881
	29,305,877	22,140,690

TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	15,355,038	13,419,761
Accrued finance costs DBSA	25,242	25,242
Other Creditors Payment in Advance-Debtors	868,026	553,564
Other Payables - Special purpose depts	1,455,442	-
Deposits Other	34,431	22,935
Retentions	5,000,825	2,351,881
Staff leave accrual	6,013,714	5,494,426
Medical aid paid in advance	22,530	12,089
Total creditors	28,775,248	21,879,898

DISCLOSURE ENTRIES BANK ACCOUNT

Year End Adjustments (Outstanding cheques etc)	530,629	260,792
	29,305,877	22,140,690

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

13. VAT receivables from exchange transactions

VAT receivables	266,738	367,253
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Vat is payable on the receipts basis. Only once payment is received from debtors is vat paid over to SARS.

14. Consumer deposits

Electricity	10,543,783	10,120,141
Water	833,923	778,683

11,377,706	10,898,824
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2012	2011
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15. Revenue

Property rates	35,131,478	31,266,465
Property rates – Penalties imposed and collection charges	881,036	722,977
Service charges	166,315,713	150,359,571
Rental of facilities & equipment	651,184	518,058
Interest received – trading	17,477	613,921
Interest received – trading	1,174,052	1,693,525
Other income	2,470,797	3,466,658
Gain on asset disposal	956,407	-
Fines	1,496,793	1,551,605

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Licences and permits	6,206,999	4,450,583
Government grants & subsidies	107,818,336	82,246,937
	323,120,272	276,890,300

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	166,315,713	150,359,571
Rental of facilities & equipment	651,184	518,058
Interest received – trading	17,477	613,921
Licences and permits	6,206,999	4,450,583
	173,191,373	155,942,133

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	35,131,478	31,266,465
Property rates – Penalties imposed and collection charges	881,036	722,977
Fines	1,496,793	1,551,605

Transfer revenue

Grants and Subsidies	107,818,336	82,246,937
	145,327,643	115,787,984

16. Property rates

Rates received

Property rates 1	37,657,892	34,788,602
Rates Rebate	-593,164	-546,045
Rates Reduction	-997,391	-1,299,653

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Phase in Rates 75%	-935,859	-1,676,439
	35,131,478	31,266,465
Property rates - penalties imposed and collection charges	881,036	722,977
	36,012,514	31,989,442

	2012	2011
Valuations		
Residential	3,120,446,000	3,101,716,000
Commercial	935,898,100	888,670,100
State	481,121,000	461,021,000
Donation: Sport & Welfare	160,462,000	117,652,000
Schools: Non Government	2,700,000	46,710,000
Vacant land	77,754,000	91,865,000
Non Taxable	220,505,300	222,659,300
Public Service Infrastructure	53,020,000	50,504,200
S P L	2,800,000	600,000
Agriculture	1,078,737,494	1,120,109,592
	6,133,443,894	6,101,507,192

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2009. Supplementary valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on monthly basis with the final date for payment being the 9th of every month. Interest at prime plus 1% per annum is levied on outstanding rates.

17. Service charges

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Sale of electricity	116,770,411	105,089,586
Sale of water	23,240,540	20,608,910
Sewerage and sanitation charges	14,808,522	13,852,738
Refuse removal	11,496,240	10,808,337
	166,315,713	150,359,571

18. Government grants and subsidies

Equitable share	69,224,000	57,815,284
Municipal Systems Improvement Grant	1,000,000	1,000,000
MAP Grant	-	456,520
Intergrated National Electrification Program Grant	17,821,067	8,923,300
EDI Grant	84,375	10,107
Land Use Management	-	56,100
Project Consolidate- Louwsburg	-	276,535
Municipal Infrastructure Grant	16,493,748	9,918,984
Finance Management Grant	1,450,000	1,200,000
Performance Management Systems	-	23,200
Upgrasde Billing Emondlo	26,438	-
Housing	-	2,413,907
Tourism Operating Grant ZDM	100,000	80,000
COGTA Grant: Thusong Centre	132,300	-
Library Grants (operating)	1,361,408	-
Museum Grants (operating)	125,000	73,000
	107,818,336	82,246,937

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Equitable share

Current year receipts	69,224,000	57,815,284
Conditions met-transferred to revenue	-69,224,000	-57,815,284

- -

2012 **2011**

Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	620,000
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	-1,000,000	-1,000,000
Correction	-	-620,000

- -

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

Municipal Assistance Program Grant

Balance unspent at beginning of year	504,098	960,618
Current-year receipts	-	-

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Conditions met - transferred to revenue	-	-456,520
	504,098	504,098

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

Intergrated National Electrification Programme Grant

Balance unspent at beginning of year	4,291,243	3,214,543
Current-year receipts	13,773,000	10,000,000
Conditions met - transferred to revenue	-17,821,067	-8,923,300
	243,176	4,291,243

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

Gijima Grant

Balance unspent at beginning of year	38,830	38,830
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	38,830	38,830

Conditions still to be met - remain liabilities (see note 10).

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Provide explanations of conditions still to be met and other relevant information.

EDI Grant

Balance unspent at beginning of year	139,893	-
Current-year receipts	-	150,000
Conditions met - transferred to revenue	-84,375	-10,107
	55,518	139,893

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

2012	2011
-------------	-------------

Land Use Management Grant

Balance unspent at beginning of year	229,850	285,950
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-56,100
	229,850	229,850

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

Provincial Housing Grant

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Balance unspent at beginning of year	60,000	-
Current-year receipts	-	60,000
Conditions met - transferred to revenue	-	-
	60,000	60,000

Conditions still to be met - remain liabilities (see note 10).
Provide explanations of conditions still to be met and other relevant information.

Municipal Infrastructure Grant

Balance unspent at beginning of year	3,855,160	2,922,837
Current-year receipts	20,975,000	11,340,000
Conditions met - transferred to revenue	-15,136,526	-9,918,984
Correction prior year vat portion	-1,357,222	-488,693
	8,336,412	3,855,160

Conditions still to be met - remain liabilities (see note 10).
Provide explanations of conditions still to be met and other relevant information.

Finance Management Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1,450,000	1,200,000
Conditions met - transferred to revenue	-1,450,000	-1,200,000

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

	-	-
<p>Conditions still to be met - remain liabilities (see note 10). Provide explanations of conditions still to be met and other relevant information.</p>		
	2012	2011
Upgrade Billing eMondlo		
Balance unspent at beginning of year	29,603	29,603
Current-year receipts	-	-
Conditions met - transferred to revenue	-26,437	-
	3,166	29,603
<p>Conditions still to be met - remain liabilities (see note 10). Provide explanations of conditions still to be met and other relevant information.</p>		
Performance Management Systems		
Balance unspent at beginning of year	29,045	52,245
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-23,200
	29,045	29,045
<p>Conditions still to be met - remain liabilities (see note 10). Provide explanations of conditions still to be met and other relevant information.</p>		

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Housing Grant

Balance unspent at beginning of year	225,383	242,497
Current-year receipts	-	2,396,793
Conditions met - transferred to revenue	-	-2,413,907
	225,383	225,383

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

COGTA Grant: Thusong Centre

Current-year receipts	6,000,000	-
Conditions met - transferred to revenue	-132,300	-
	5,867,700	-

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

Emergency Repair Grant (COGTA)

Current-year receipts	3,600,000	-
Conditions met - transferred to revenue	-	-
	3,600,000	-

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Conditions still to be met - remain liabilities (see note 10).
Provide explanations of conditions still to be met and other relevant information.

	2012	2011
Tourism Operation Grant ZDM		
Balance unspent at beginning of year	-	-
Current-year receipts	100,000	80,000
Conditions met - transferred to revenue	-100,000	-80,000
	-	-

Conditions still to be met - remain liabilities (see note 10).
Provide explanations of conditions still to be met and other relevant information.

Library Grants

Balance unspent at beginning of year	-	-
Current-year receipts	1,361,408	1,175,408
Conditions met - transferred to revenue	-1,361,408	-1,175,408
	-	-

Conditions still to be met - remain liabilities (see note 10).
Provide explanations of conditions still to be met and other relevant information.

Museum Grant

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Balance unspent at beginning of year	-	-
Current-year receipts	125,000	73,000
Conditions met - transferred to revenue	-125,000	-73,000
	-	-

Conditions still to be met - remain liabilities (see note 10).
Provide explanations of conditions still to be met and other relevant information.

	2012	2011
19. Other income		
Burial Fees	162,426	190,602
Encroachment fees	24,854	22,595
Entrance fees	8,167	3,003
Fee Gate	11,237	15,654
Fees Klipfontein	61,660	82,943
Fees Advert/Signs	7,905	10,428
IEC Election Income 7	-1,000	18,125
Lost book charges	5,410	4,341
Membership fees	9,205	10,572
Monument erection	35,290	27,707
Park fees	17,165	30,185
Photostat copies	31,532	20,134
Plan fees	61,907	38,724

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Print fees	222	6,028
Rates clearance	48,169	36,599
Rezoning	8,095	482
Sale of Premix	8,772	134,287
SETA	511,358	215,745
Special Consent	60,028	89,163
Vehicle entrance	-	7,654
Sundry income	40,928	17,084
Sundry	6,061	711,470
Building permits	2,781	-
Business License	2,645	-
Donation income	49,123	-
Valuation Certificate	112	-
Tender deposits	54422	-
Bad debts recovered	36315	-
	1,264,789	1,693,525
	2012	2011
20. General expenses		
Advertising	567,882	440,284
Allowance & contributions Pensioners	1,142,583	1,101,102
Auditors remuneration	1,560,639	1,700,072
Awards	-	25,605

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Bank charges	741,808	611,474
Banking Services	282,815	285,294
Brohures and postcards	-	4,380
Cartage and railage	45,689	51,087
Chemicals	1,103,924	807,714
Christmas/Festive lights	2,908	24,865
Cleaning	165,161	171,560
Commission paid	384,499	48,216
Compensation commissioner	-	455,014
Conferences and seminars	69,440	68,507
Corporate gifts	2,850	3,000
Council Community projects	592,816	456,343
Cutting of grass	-	12,742
Data lines	41,841	34,921
Departmental admin	90,950	-
Disaster relief	120,351	56,713
Donations	41,990	-
Electricity & Water Services	5,417,771	4,957,404
Entertainment and refreshments	102,606	242,101
Equipment less than R1000.00	1,530	3,057
First aid suply	219	3,186
Fuel and oil	3,671,897	2,613,148
Indigent burials	250,070	261,394
Insurance	1,033,759	1,136,830
Legal expenses	4,733,667	1,217,267

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Levies	-	7
Magazines, books and periodicals	50,622	49,805
Membership fees	535,462	486,129
Minor loose tools	97,309	100,272
Music rights	18,465	17,892
Name tags	-	1,175
News slot	88,692	142,740
Pension for retrenched people	501,278	904,451
Planning shared services	151,877	-
Point duties at school	3,880	4,280
Postage and courier	626,815	607,623
Prayer day	19,618	73,986
Printing and stationery	761,388	791,853
Professional fees	122,501	216,555
Pub information booklets	4,350	4,380
Pub Vryheid Brouchures	8,400	7,500
Public participation S & T	589,411	492,949
Publicity stickers	-	3,500
Radio licences	6,309	23,616
Skills development levies	836,661	733,913
Sports and Comm Services functions	948,727	1,161,651
Strategic planning	13,260	11,686
Telephone and fax	1,159,499	1,219,488
Tourism Exhibitions	-	6,570
Training	182,267	347,045
Travel and subsistence	1,693,351	1,339,624

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

User group expenses	34,297	18,463
Valuation costs	16,603	41,187
Valuation Roll costs	264,957	243,163
Vryheid tourism	230	1,580
Ward committee allowances	1,346,070	874,478
Ward projects	8,205	1,937,610
Wellness program	11,479	224,489
Other expenses	502,857	135,869
	32,774,504	29,018,809
	2012	2011
21. Employee related costs		
Employee Related Costs- Salaries and Wages	49,141,744	45,568,815
Performance and other bonuses	3,758,855	4,273,352
Employee related costs-Contributons for UIF, Pensions and Medical aids	13,178,610	12,294,671
Post-employment benefits - Pension - Defined contribution plan	7,910,613	5,792,576
Travel, motor car, accommodation, subsistence and other allowances	6,026,322	5,139,865
Overtime payments	9,825,122	7,859,043
Long-service awards	25,793	24,549
Housing benefits and allowances	433,718	400,771
Contribution to leave provision	1,400,000	1,506,531
Other employee related costs	1,705,047	1,500,969
	93,405,824	84,361,142

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Remuneration of municipal manager

Annual Remuneration	690,833	802,111
Travel, motor car and other allowance	186,092	210,000
	876,925	1,012,111

Remuneration of chief finance officer

Annual Remuneration	513,242	638,289
Travel, motor car and other allowance	132,805	54,000
	646,047	692,289

Remuneration director technical

Annual Remuneration	557,764	662,997
Travel, motor car and other allowance	176,537	182,355
	734,301	845,352

Remuneration director corporate

Annual Remuneration	577,273	628,021
Travel motor car and other allowance	104,500	114,000
	681,773	742,021

2012	2011
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AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Remuneration director community

Annual Remuneration	425,879	505,738
Travel, motor car and other allowance	154,000	168,000
	579,879	673,738

Remuneration director planning & development

Annual Remuneration	521,324	590,613
Travel, motor car and other allowance	126,500	138,000
	647,824	728,613

22. Remuneration of Councillors

Mayor	628,700	609,184
Deputy Mayor	500,361	499,540
Executive Committee Members	2,806,512	2,372,987
Speaker	507,346	494,822
Councillors	6,134,797	4,701,594
Councillors travel allowance	282,426	940,657
Councillors cell allowance	404,227	373,142
	11,264,369	9,991,926

In-kind Benefits

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time and are each provided with offices. The Mayor and the Speaker are provided with secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has one full-time bodyguard as well as a full time driver.

23. Investment revenue

Interest revenue

Investments	3,522,342	3,466,658
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The amount included in Investment revenue arising from exchange transactions amounted to R 17,477.

The amount included in Investment revenue arising from non-exchange transactions amounted to R 2,470,794.

24. Depreciation and amortisation

Property, plant and equipment	15,825,521	16,804,106
Intangible assets	38,617	44,135
	15,864,138	16,848,241

25. Finance costs

Interest on external loan	126,280	125,370
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AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 00 (PY: R 00).

	2012	2011
26. Auditors' remuneration		
Fees	1,560,639	1,700,072
27. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	149,801	182,086
Rental of equipment	6,903	12,810
Rental income	494,480	323,162
	651,184	518,058
28. Bulk purchases		
Electricity	101,328,354	79,979,616
Water	-	5,198
	101,328,354	79,984,814
29. Cash generated from operations		
Surplus (deficit)	-13,532,983	-5,288,080
Adjustments for:		

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Depreciation and amortisation	15,864,138	16,848,242
Loss on sale of assets and liabilities	-956,407	-
Movements in retirement benefit assets and liabilities	7,910,613	8,306,635
Movements in provisions	-1,292,750	2,275,267
Prior Year Adjustment	-	-11,229,631
Interest earned	-	-3,466,658
Changes in working capital:		
Inventories	-542,628	-9,342,747
Receivables from exchange transactions	-887,029	5,220,596
Payables from exchange transactions	7,165,187	1,824,629
VAT	1,427,946	11,312,865
Unspent conditional grants and receipts	9,790,073	759,448
Consumer deposits	478,882	-
Long service awards contribution	-	522,888
	25,425,042	17,743,454
	2012	2011
30. Additional Note in terms of Municipal Finance Management Act		
30.1 Contributions to organised local government		
Council subscriptions	-525,360	-477,600
Amount paid-current	525,360	477,600
	-	-

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

30.2 PAYE and UIF

Current year payroll deductions	13,987,613	12,470,013
Amount paid-current year	-13,987,613	-12,470,013
	-	-

30.3 Pension and Medical aid deduction

Current year payroll deductions and council contributions	19,634,452	18,413,028
Amount paid current year	-19,634,452	-18,413,028
	-	-

30.4 Councillor's arrear consumer accounts as at 30 June 2012

- -

as at 30 June 2011

M Mdlalose	-	3,985
M S Ntshangase	-	329

Total Councillor arrear consumer accounts

- 4,314

30.5 Non Compliance with Municipal Finance Management Act in terms of section 125 (2)(e)

None

31. Reclassification of comparative figures

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Certain comparative figures have been reclassified due to incorrect classification in the previous year due to incorrect classification in the previous year and to achieve better disclosure.

The effects of the reclassification are as follows:

Notes to Annual Financial Statements:

Note 6. Receivables from exchange transactions

	Before	Adjustment	After
<u>Rates: Ageing</u>			
Current (0 – 30 days)	2,827,297	-361,899	2,465,398
31 - 60 Days	611,793	-135,403	476,390
61 - 90 Days	467,716	-112,232	355,484
91 - 120 Days	407,879	-88,297	319,582
Greater than 120 days.	8,528,940	-2,613,810	5,915,130
Total	12,843,625	-3,311,641	9,531,984

	Before	Adjustment	After
<u>Sewerage: Ageing.</u>			
Current (0 – 30 days)	1,130,330	-	1,130,330
31 - 60 Days	257,271	92	257,363
61 - 90 Days	226,599	-	226,599
91 - 120 Days	208,834	-	208,834

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Greater than 120 days.	3,692,892	-487,409	3,205,483
Total	5,515,926	-487,317	5,028,609

Other: Ageing.

Current (0 – 30 days)	355,321	361,899	717,220
31 - 60 Days	163,433	135,403	298,836
61 - 90 Days	86,155	112,232	198,387
91 - 120 Days	86,481	88,297	174,778
Greater than 120 days.	2,972,797	3,101,127	6,073,924
Total	3,664,187	3,798,958	7,463,145

Statement of Financial Performance 2011

Service charges	149,677,387	682,184	150,359,571
Property rates- penalties imposed and collection charges	0	722,977	722,977
Interest earned outstanding debtors	1,336,898	-722,977	613,921
Fines	1,538,436	13,169	1,551,605
Other income	2,388,876	-695,351	1,693,525
Employee related costs	81,756,159	7,299,107	89,055,266
Contracted Services	2,064,057	23,900,534	25,964,591
General Expenses	52,850,407	-23,831,598	29,018,809

Statement of Financial Performance 2012

Service charges	166,315,713
Property rates- penalties imposed and collection charges	881,036

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Interest earned outstanding debtors	17,477
Fines	1,496,793
Other income	1,174,052
Employee related costs	91,761,960
Contracted Services	28,225,972
General Expenses	43,070,668

32. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At 30 June 2012, financial instruments exposed to interest rate risk were as follows:

Call deposits, Notice deposits and

Development Bank of South Africa

Credit risk

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis in terms of council policy. Sales to consumer customers are settled in cash.

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

	2012	2011
33. Fruitless and wasteful expenditure		
Opening balance	497,098	
M Z Mkhwanazi-Acting Allowance 01/07/2011-30/04/2012	4,173	
S S Mdlalose-Acting Allowance 01/07/2011-30/04/2012	4,691	
M S Mdluli-Acting Allowance 01/07/2011-30/04/2012	50,985	
J P Hadebe-Acting Allowance 01/07/2011-30/04/2012	4,691	
E S Madi-Acting Allowance 01/07/2011-30/04/2012	4,691	
M P Mdlalose-Acting Allowance 01/07/2011-30/04/2012	18,946	
R Mtshali-Acting Allowance 01/07/2011-30/04/2012	4,691	
B Nkosi-Acting Allowance 01/07/2011-30/04/2012	4,691	
T Sithole-Acting Allowance 01/07/2011-30/04/2012	23,430	
M D Ngema-Acting Allowance 01/01/2009-30/06/2010	-	77,441

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

M D Ngema-Acting Allowance 01/07/2009-30/06/2011	-	53,520
Payment Ms L N Phakathi	-	366,137
	618,087	497,098

Incident-Acting allowances were paid in excess of 6 months.

	2012	2011
34. Irregular expenditure		
Opening balance	4,067,487	3,156,874
Add: Irregular Expenditure - current year	10,936,110	910,613
Condoned or written off by Council	-	-
Transfer to receivables for recovery-not condoned	-	-
	15,003,597	4,067,487

NB: Irregular expenditure incidents:

Awards of tenders to people in service of the state.

Supporting documents could not be found during Internal Audit

Non compliance with Supply Chain Management Regulations/Policy

Mabusana Construction CC	-	15,000
Mkhawuzi Trading CC	-	52,500
Althumele Trading CC	-	3,500
Rise Again Equipment Services	31,255	6,015

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Muhle Ekudeni Catering and Construction	94,710	79,399
Khanyisa Engineering & Services	-	93,182
Kwazinathi Trading & Projects	114,120	41,220
Gess Trading CC	222,240	594,797
Akhona Contracting & Trading	34,050	25,000
Philas Entertainment	11,700	
Aphelele Catering & Construction	26,500	
Sakhisizwe Contractors	31,667	
Bite Construction	8,772	
Avelile Projects CC	9,868	
Nosphe Trading Enterprise	30,263	
Khambule Electrical	793	
Samkelintokozo CC	3,960	
Solantu Services	4,180	
Pops Print CC	5,800	
Select Sports Empangeni	58,590	
Screen works	124,123	
Zethembiso Amandla Construction	9,868	
Sinakhokonke Cleaning and Distribution Services	17,990	
Lasercom	441,114	
Gargen Court Marine Parade	10,826	
Topsports	171,456	
Vryheid Central Workshop CC	185,993	
Neffcon Road tech CC	68,400	
Gess Trading CC	71,120	

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Vryheid Petroleum Pty Ltd	1,807,108
Voltex Pietermaritzburg Pty Ltd	484,952
Lasercom	418,637
E Sithole Electrical CC	321,599
Flo-Tek Dundee	300,840
BPG Mass Appraisals	270,000
North Coast Plastic and Packaging Industry CC	238,716
Neffcon Roadtech CC	230,736
Mamelang Technologies	74,013
Elsa	1,144
Dinani Trading Enterprise	7,875
Rise Again Equipment Services	31,255
Hlanganani World of Suppliers	20,300
Philas Entertainment	11,700
Mkhethankomo Trading	7,200
Nalinah Trading	15,750
Muhle Ekudeni Catering and Construction	34,450
Philani Fumigation Services	2,860
Sizanani Electrical	1,467,038
ARB Electrical Wholesalers	716,632
Sud Chemie SA Pty Ltd	605,553
Kantech Services Pty Ltd	474,003
Human Communications	467,237
Afmech Engineering CC	406,740
Vryheid Central Workshop	356,825
Elster Kent Metering Pty Ltd	212,644

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

ADO Research Labs Pty Ltd	160,945
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	10,936,110	910,613
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Disciplinary steps taken/ criminal proceedings taken following incidents of irregular expenditure

The following are pending suspensions:

Mr. BG Shoyisa

Mr. SSE Langa

Mrs LN Ntshangase

Irregular expenditure condoned	-	-
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Irregular expenditure recoverable (not condoned)	-	-
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Irregular expenditure not recoverable (not condoned)	-	-
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35. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the financial statements.

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to considered them and subsequently approved the deviation from the normal supply chain management regulations.

	2012	2011
Supply Chain Management Deviations:		
Quality Engineering	5,351	
Super Quick	4,299	
Sizanani Electrical	364,947	
Flo-tek Dundee (Pty) Ltd	3,200	
Vryheid Petroleum (Pty) Ltd	52,903	
NCP Chlorchem	103,943	
Mncedisi Communications		9,000
Umnotho Business Consultants		95,000
M J Koen Construction CC		13,954
Various		199,900
Municipal and Financial Administration Services		486,000
	534,643	803,854
36. Grants and subsidies paid		
Grants Expenditure	27,819,445	14,690,177
Grant in Aid	51,859	180,804

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

	27,871,304	14,870,981
37. Contracted Services		
Contracted services for:		
Internal Audit	385	599,574
Meter Reading	2,067,197	867,224
Computer Services	1,323,148	1,020,236
Photocopiers & Faxes	509,472	651,535
Other Contract Payments Financial services	716,814	1,412,124
Lease of Vehicles	4,816,747	4,327,046
Parks	5,479,047	5,315,038
Security	6,023,834	4,795,346
Refuse Removal	5,961,846	5,934,209
Steiner	515,038	196,057
Digging of Graves	77,800	79,290
Engineer	304,915	500,997
Water Purification	249,602	265,915
Contract Payments Technical Services	67,393	-
Contract payments Community Services	53,218	-
Contract Payments Planning	59,515	-
	28,225,971	25,964,591
38. Interest earned - outstanding debtors		
Sundry debtors	17,477	17,540

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Debtor discounting	-	596,381
	17,477	613,921

	2012	2011
--	-------------	-------------

39. Prior year error

The correction of the error resulted in the adjustments as follows:

Cash flow statement

Net cash flow from operating activities

Before	17,220,565
Adjustment for long service awards contribution	522,888
After	17,743,453

Cash and cash equivalent at the end of the year

Before	3,415,064
Adjustment for long service awards contribution	522,888
After	3,937,952

40. RETIREMENT BENEFITS

Post-employment medical benefits

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, La Health and Samwumed.

Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, ARCH actuarial consulting, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	7.84%	8.6%
Health care cost inflation rate	7%	7.31%
Net effective discount rate	0.79%	1.20%
Benchmark inflation (equal to salary inflation)	-	-
Average retirement age- Males	63	63
Average retirement age-Females	58 years	58 years
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA90-1 ultimate	PA90-1 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		
Percentage of in-service members withdrawing before retirement:		
Age 20	40%	40%

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Age 30	25%	25%
Age 40	12%	12%
Age 50	4%	4%
Age 55+	0%	0%

The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:

36,832,033	29,518,308
-------------------	-------------------

2012	2011
------	------

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	29,518,308	24,248,621
Current service cost	1,203,217	992,283
Interest cost	2,358,491	2,188,634
Benefit payments	-1,139,583	-1,018,332
Actuarial (gains)/losses	4,891,600	3,107,102
Balance at end of year	36,832,033	29,518,308

The amounts recognised in the Statement of Financial

Performance were as follows:

Current service cost	1,203,217	992,283
Interest cost	2,358,491	2,188,634
Benefit payments	-1,139,583	-1,018,332
Actuarial (gains)/losses	4,891,600	3,107,102

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

7,313,725	5,269,687
------------------	------------------

Long service awards

The independent valuers, ARCH actuarial consulting, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	6.46%	7.74%
General Salary Inflation (long term)	5.97%	6.26%
Net effective discount rate	0.49%	1.39%

Examples of mortality rates used were as follows:

Average retirement age Males	63 years	63 years
Average retirement age Females	58 years	63 years
Mortality during employment	SA85-90 Ultimate	SA85-90 Ultimate

Members withdrawn from service:

	Females		Females	
	Males		Males	
Age 20	24%	16%	24%	16%
Age 30	15%	10%	15%	10%
Age 40	6%	6%	6%	6%
Age 50	2%	2%	2%	2%
Age 55	0%	0%	0%	0%

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	3 755 225	3 158 337
Fair value of plan assets		
Liability in the Statement of Financial Position	3 755 225	3 158 337

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	3 158 337	2 635 448
Current service cost	437 866	340 758
Interest cost	232 757	227 783
Actuarial (Gain)/losses	806 977	183 485
Benefit payments	-	(229 137)
Benefit vesting	(880 712)	-
Balance at end of year	3 755 225	3 158 337

	2012	2011
--	------	------

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	437 866	340 758
----------------------	---------	---------

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Interest cost	232 757	227 783
Actuarial (Gain)/losses	806 977	183 485
Benefit payments	-	(229 137)
Benefit vesting	(880 712)	-
	596 888	522 889

In conclusion:

Statement of Financial Position obligation for:

Post-employment medical benefits	36 832 033	29 518 308
Long Service Award	3 755 225	3 158 337
	40 587 258	32 676 645

Statement of Financial Performance obligation for:

Post-employment medical benefits	7 313 725	5 269 687
Long Service Award loss	596 888	522 889
	7 910 613	5 792 576
Additional retirement costs	-	-
	7 910 613	5 792 576

41. Distribution losses.

Water:-

Number of consumers	10,127	8,373
Kiloliters Purified.	9,762,100	8,596,203
Kiloliters sold (Total)	3,166,233	2,880,826
Kiloliters lost in Distribution	6,595,867	5,715,377

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

% Lost in distribution	67.57%	66.49%
Total Costs (Expenses)	R 22,851,660	R 19,583,705
Cost per kiloliter purified	R 2.34	R 2.28
TOTAL COST LOST THROUGH DISTRIBUTION	R 15,434,328	R 13,031,060

The actual loss in distribution cannot be determined in view of the fact that eMondlo's consumers are not billed. The difference between water purified and sold can therefore not be regarded as lost in distribution, seeing that a large percentage of it is not metered.

Electricity

Number of consumers (Residential & Commercial)	18,795	24,819
Units purchased. (kwh)	160,576,566	155,479,405
Units sold (Total)	124,324,124	123,042,294
Units lost in Distribution	36,252,442	32,437,111
% Lost in distribution	22.58%	20.86%
Total Costs (Expenses)	R 141,105,635	R 101,707,175
Cost per unit purchased.	R 0.88	R 0.65
TOTAL COST LOST THROUGH DISTRIBUTION	R 31,902,148	R 21,218,803

2012	2011
-------------	-------------

42. COMMITMENTS

42.1 Commitments in respect of capital expenditure

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

- Approved and contracted for	29,945,964	4,371,858
Infrastructure	29,945,964	4,371,858
Community		
Heritage		
Other		
- Approved but not yet contracted for	12,284,863	21,066,221
Infrastructure	6,417,163	21,066,221
Community		
Heritage		
Other	5,867,700	-
Total	42,230,827	25,438,079
This expenditure will be financed from:		
- External Loans		
- Government Grants	44,230,827	25,438,079
- Own resources		
- District Council Grants		
	44,230,827	25,438,079
42.2 Commitments in respect of non capital expenditure		
- Approved and contracted for	3,600,000	-

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Infrastructure
Community
Heritage
Other

3,600,000	-
-----------	---

- Approved but not yet contracted for

- -

Infrastructure
Community
Heritage
Other
Total

-	-
-	-
-	-
3,600,000	-

This expenditure will be financed from:

- External Loans
- Government Grants
- Own resources
- District Council Grants

3,600,000	-
3,600,000	25,438,079

42.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Operating leases - lessee

Operating leases paid per annum.	5,326,220	4,767,172
Within one year	4,419,709	4,688,732
In the second to fifth year inclusive	32,637	5,012,004
Total	9,778,566	14,467,908

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases and rentals are negotiated for an average of three years.

	2012	2011
--	------	------

43. CONTINGENT LIABILITY

43.1 Claim for damages

M I Sangweni-Eviction and rental collection. 01A000910

	122,770	122,770
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In this matter Mr Sangweni entered into a rental agreement with Abaqulusi Municipality for a portion of land and we received instructions to cancel the agreement and to evict Mr Sangweni from the property.

The arrears rental in terms of the agreement was approximately

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

R 122 770.00 and our litigation department is currently attending the collection of the arrear rental in terms of the agreement.

Nyathi Village 01A005506	500,000	500,000
Lakeside-Evictions 01A001609 Approximately 1078 RDP houses were built at Lakeside and most of the properties were invaded by illegal occupants which refuse to vacate the properties .Instructions were received to proceed with applications for the eviction of the illegal occupants but the court requires Abaqulusi Municipality to show alternative accommodation for the illegal occupants to be evicted to.	30,000	30,000
Quantum Leap 01A001609 Attorneys Botha & Olivier are on record, assisted by Cox & partners. Our present instructions are not to proceed with litigation.	-	50,000
Aon 01A003610 Aon disputed the awarding of a tender regarding short term insurance to an alternative company by Abaqulusi Municipality	3,500	3,500
Fire damages (Edcom) 01A0021009 Summons was issued against Abaqulusi as a result of damages caused as a result of a result of a fire at Jet Stores	5,957,101	5,957,101

AbaQulusi Municipality

Financial Statements for the year ended 30 June 2012

Notes to the Financial Statements

Claveshay 01A005506	2 200 000	500,000
In this matter Abaqulusi Municipality is the defendant. Our present instructions are not to proceed with litigation.		
Metgovis (Pty) Ltd	100,000	-
Metgovis (Pty) Ltd claims R 55 872.88 for services rendered. Action has not yet been instituted by Metgovis (Pty) Ltd		
	8,913,371	7,163,371

43.2 Due to fact that R 20 000 000.00 have been allocated by National to the Province for rehabilitation of landfill sites used for waste disposal, all cost will be incurred by Province and therefore there be no liability on the municipality.

44. CONTINGENT ASSET

None

45. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure incurred during the year	19,173,112	-
	19,173,112	-
Council still need to condone or rectify unauthorised expenditure		

AbaQulusi Municipality

Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year

Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
3,185,125	35,193,387	-32,008,262	Executive & Council/Mayor and Council	3,695,123	42,482,352	-38,787,229
84,924,790	31,809,089	53,115,701	Finance & Admin/Finance	104,281,619	36,519,623	67,761,996
184,504	5,136,461	-4,951,957	Planning and Development/Economic Development/Plan	184,352	3,296,123	-3,111,771
-	486,457	-486,457	Health/Clinics	-	370,119	-370,119
567,723	12,968,485	-12,400,762	Comm. & Social/Libraries and archives	1,931,765	11,303,994	-9,372,229
2,413,907	2,040,011	373,896	Housing	-	879,508	-879,508
4,146,561	12,669,195	-8,522,634	Public Safety/Police	5,696,484	15,638,433	-9,941,949
33,188	3,359,471	-3,326,283	Sport and Recreation	25,333	2,791,508	-2,766,175
-	-	-	Environmental Protection/Pollution Control	-	-	-
29,361,076	32,978,262	-3,617,186	Waste Water Management/Sewerage	29,204,763	33,142,532	-3,937,769
11,972,177	23,821,697	-11,849,520	Road Transport/Roads	18,626,843	26,697,468	-8,070,625
21,985,445	19,583,705	2,401,740	Water/Water Distribution	23,240,540	22,851,666	388,874
118,035,803	101,707,175	16,328,628	Electricity /Electricity Distribution	137,182,755	141,502,238	-4,319,483
80,000	374,999	-294,999	Other/Air Transport	100,000	319,959	-219,959
276,890,299	282,128,394	-5,238,095		324,169,577	337,795,523	-13,625,946
Municipal Owned Entities						
-	-	-		-	-	-

AbaQulusi Municipality

Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year

Current Year

Actual Income	Actual Expenditure	Surplus /(Deficit)		Actual Income	Actual Expenditure	Surplus /(Deficit)
Rand	Rand	Rand		Rand	Rand	Rand
-	-	-		-	-	-
Other charges						
-	-	-		-	-	-
-	-	-		-	-	-
276,890,299	282,128,394	-5,238,095	Municipality	324,169,577	337,795,523	-13,625,946
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
276,890,299	282,128,394	-5,238,095	Total	324,169,577	337,795,523	-13,625,946

AbaQulusi Municipality

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

	Current year 2012	Current year 2012			Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Revenue					
Property rates	35,131,478	32,866,590	2,264,888	7%	
Service charges	166,315,713	172,585,000	-6,269,287	-4%	
Property rates - penalties imposed and collection charges	881,036	810,371	70,665	9%	
Rental of facilities and equipment	651,183	317,000	334,183	105%	Reclassification from other income
Interest received (trading)	17,477	17,484	-7	0%	
Fines	1,496,793	2,371,000	-874,207	-37%	Lower fines issued than expected
Licences and permits	6,206,999	4,587,917	1,619,082	35%	Parking meter contract implemented
Government grants & subsidies	107,818,336	114,266,408	-6,448,072	-6%	
Other income	1,264,789	25,071,000	-23,806,211	-95%	Reversal of Accumulated Surplus
Interest received - investment	3,522,342	3,300,425	221,917	7%	Interest rates estimated higher
	323,306,146	356,193,195	-32,887,049	-9%	
Expenses					
Employee Related Costs	-96,279,825	-94,000,000	-2,279,825	2%	Budget for contr to leave prov moved from gen exp
Remuneration of councillors	-11,264,369	-11,350,000	85,631	-1%	
Depreciation	-15,864,138	-16,848,000	983,862	-6%	
Finance costs	-126,280	-125,539	-741	1%	
Provision for doubtful debts	-8,400,000	-7,000,000	-1,400,000	20%	

AbaQulusi Municipality

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

	Current year 2012	Current year 2012			Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Repairs and maintenance - General	-15,660,791	-16,649,000	988,209	-6%	
Bulk purchases	-101,328,354	-100,500,000	-828,354	1%	
Contracted Services	-28,225,972	-26,504,290	-1,721,682	6%	
Grants and subsidies paid	-27,871,304	-14,928,794	-12,942,510	87%	Electrification grant expenditure not capitalised
General Expenses	-32,774,504	-35,130,000	2,355,496	-7%	Higher legal fees paid
	-337,795,537	-323,035,623	-14,759,914	5%	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	956,407	950,000	6,407	-	
	956,407	950,000	6,407	-	
Net surplus/ (deficit) for the year	-13,532,984	34,107,572	-47,640,556	-140%	

Budget Analysis of Capital Expenditure as at 30 June 2012

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
Municipality					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	132,300	6,000,000	-5,867,700	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	
Housing	-	-	-	-	
Public Safety/Police	-	-	-	-	
Sport and Recreation	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	
Road Transport/Roads	16,493,748	21,332,000	-4,838,252	-	
Water/Water Distribution	-	-	-	-	
Electricity /Electricity Distribution	17,821,067	13,773,000	4,048,067	-	
Other/Air Transport	-	-	-	-	
	34,447,115	41,105,000	-6,657,885	-	
Municipal Owned Entities					
	-	-	-	-	

Budget Analysis of Capital Expenditure as at 30 June 2012

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
	-	-	-	-	
	-	-	-	-	
	34,447,115	41,105,000	-6,657,885	-	

Other charges

	-	-	-	-	
	-	-	-	-	
	-	-	-	-	

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Quarterly Expenditure

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts			Apr-Jun	Mar	Grants and Subsidies delayed / withheld										Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Jul-Sept	Oct-Dec	Jan-Mar			Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
Equitable Share	National Treasury	28,843,000	16,317,000	24,064,000													n/a	Yes	n/a
MSIG Grant	Department of Cooperative Governance	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
MIG	National Treasury	9,443,000	-	11,532,000	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
INEG	Department of Minerals & Energy	-	3,000,000	10,773,000	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
FMG	National Treasury	1,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
Library Grant	Department of Arts & Culture	1,175,408	-	186,000	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
Museum Grant	Department of Arts & Culture	-	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
COGTA Grant: Thusong Centre	Department of Cooperative Governance	3,500,000	-	2,500,000	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
COGTA Grant: Emergency Repair	Department of Cooperative Governance	-	-	3,600,000	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	Yes	n/a

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Quarterly Expenditure																				
Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Grants and Subsidies delayed / withheld											Reason for delay/witholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncomplia nce
		Mar	Jun	Sep	Dec		Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				

TECHNICAL SERVICES DEPARTMENT

Director & 4 Managers



B E Dlamini
Director Engineering Services



1. K Tupper
Manager Electricity Services



2. P J Ndlovu
Manager Roads & Storm Water



3. K Ngomane
Manager Water & Sanitation (left the service in January 2012)



4. S G Sibiya
Contract



Introduction

The staff complement of the department continues to be a major factor. This issue has a huge adverse effect with the overtime that ends up being spent on essential services in electricity and water & sanitation sections. Also the delay in implementing the six day shift work for essential services sections further contribute to the excessive overtime. This has still not been implemented and the high overtime expenditure has not been arrested.

During the year three electricians and the manager:- water & sanitation left the service of the municipality. The electrical positions were filled internally but the manager post, although advertised in time, was not filled until the end of the year.

ELECTRICAL SECTION

The section is responsible for maintenance of existing electrical infrastructure, installation of new connections for both indigent and new consumers as and when applications are received and managing and monitoring of electrification projects undertaken by external service providers. These projects are reported under the Contract Management section.

The municipality continued to experience losses in electricity distribution during the year. These are mainly due to illegal connections, tempering and meter bypass. Although there are penalties for tempering that has been identified no charges have ever been laid for illegal connections. The other contributing low revenue collection is due to the high number of indigents who are subsidised by the municipality.



The operational structure consists of:-

The Planning division dealing with the quotations and the testing of meters per customer requests and recording and supplying details of new meters to finance for creation of new customers on the billing database.

The Distribution division dealing with all the operational processes of repairs and maintenance and installation of new connections. This division has depots in eMondlo, Vryheid and Hlobane.

A contract for the repairs and replacement of a 5MVA transformer and switchgear at eMondlo was let out with the contractor appointed towards the end of the financial year. Work has commenced and the commissioning will take place in the new financial year. This project will alleviate the problems of overload experienced in eMondlo especially during the winter season.

There are electrification projects, one in AbaQulusi area of distribution licence and the other in Eskom distribution area which will be reported on under Contract Management Section.

The normal maintenance and repair work including new connections undertaken during the financial year are broken down as follows:-

The following table lists the planned maintenance operations that were carried out during the year:

ITEM	NO COMPLETED
Mini-substations	5
Oil Circuit Breakers	8
Main Substations	2
Local Transformer	5
Low Voltage Distribution Boxes	76
Rural O/H Lines	5
Silica Gel	Completed Quarterly
Batteries	Completed Quarterly
Low Voltage O/H Lines	10 Sections
Tree cutting/Pole Clearing	On-going
Sewer Pumps	0
Robots	Two controllers changed
Total number of new connections installed	255
Total number of meters changed	957
Total number of complaints attended to	10327

There were no audits on metering carried out this financial year, it is scheduled to done in the next financial year.



Introduction

The section is responsible for the maintenance of roads (both gravel and surfaced) and the associated storm water drainage structures including bridges. The maintenance on gravel roads entail routine blazing and patch gravelling whilst on the surfaced roads it is mainly pothole patching, kerb repairs including pavements and storm water drainage structures.

For operational purposes the section has depots in eMondlo and Vryheid. Another depot in Coronation is required to service the small towns of Hlobane, Coronation and Louwsburg. During the third and fourth quarter of the year temporary staff employed under EPWP assisted in these areas.

Staff shortage continued to affect the section and this was further aggravated by the departure of six employees to various sections outside roads. This was partly alleviated by the employment of temporary staff under EPWP during the third and fourth quarters of the year.

Most of the road infrastructure has exceeded its design life. Heavy vehicles driving through town and burst water pipes underneath the roads further contribute to the deterioration of the infrastructure. Despite this state of affairs there is only one pothole patching team responsible for the whole municipal area.

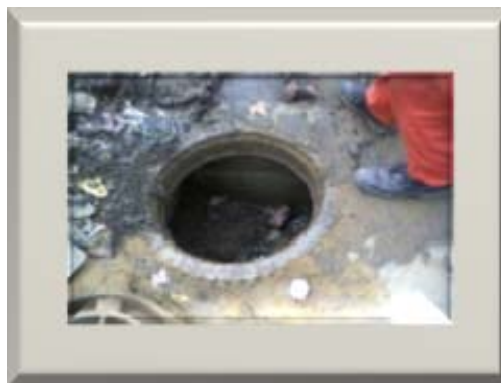
The routine balding programme rotating within the municipal wards is sometimes affected by the requests to attend to sports fields that are outside the section's responsibility. Furthermore the section has had to assist Community Services with refuse collection at eMondlo.

A contract for the repairs of two intersections and pot hole patching was let out and undertaken by an external contractor and paid under the maintenance allocation budget. The details will be reported under the Contract Management Section.

The following table lists the maintenance activities undertaken by internal teams during the year under review :

ACTIVITY	QUANTITY
Pavement (sidewalk) repairs (slabs, bricks	340 m ²
Storm water inlets/outlets built	18 No
Storm water pipes laid	100 m
Clean storm water inlets/outlets	50 No
Clean storm water drains	301 m
Replace damaged kerbs	20 m
Driveways repaired	9 No
Pot-hole patching	1280 m ²
Routine maintenance Balding	1662 km
Routine maintenance Gravelling	8 km

The total expenditure on maintenance activities for the year amounted to R 3 753 872.95





Pavement (sidewalk) repairs (slabs, bricks)



Pot-hole patching

Introduction

The section is responsible for the maintenance and operation of the treatment plants (both Water and Waste Water) and the distribution networks for water and sewage. There are six water treatment plants and four waste water treatment plants operated and maintained by this section. For operational purposes the section has depots at eMondlo, Vryheid, Hlobane and Coronation. Louwsburg is currently operated through an agent monitored from Hlobane. The infrastructure for both water and sanitation is very old and susceptible to constant water leaks and sewer blockages which results in reactive maintenance. The budget allocation is not adequate to enable any planned maintenance to be afforded. The new phenomenon that has affected the section is the theft of meters.

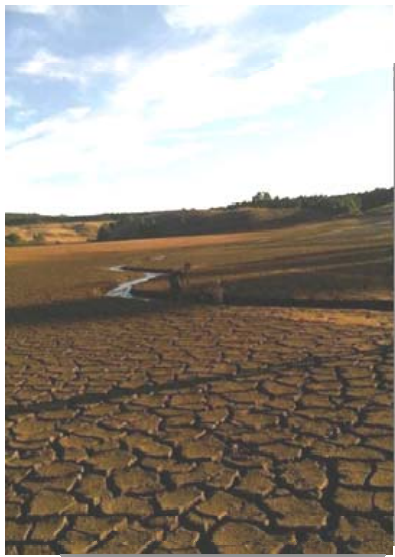


The section continued to experience water losses through the year. These are attributable to ageing infrastructure, illegal connections, inadequate control of free basic water provision and unmetered areas. Furthermore the absence of continuous monitoring of the reservoirs (telemetry) results in the delays of identifying loss through leakage. The reservoir at industrial area that was vandalised and thus out of operation early in 2010 has been repaired and re-commissioned to restore the water storage capacity.



The section also provides water to informal settlements through the use of water tankers to installed JoJo Tanks within the supply area of AbaQulusi. The provision of water is also extended to the bereaved families for funeral purposes when requested irrespective of the supply area. On occasions this service has had to be extended to the area of ZDM supply when requests have been forwarded to the Municipality.

The municipality experienced the drought which compelled the introduction of water restrictions commencing in March 2012. The most affected area is Vryheid town and surrounding areas. The dam levels are at critically low percentages.



The municipality approached COGTA for assistance with funding to effect repairs to the bulk supply lines from Bloemveld and Klipfontein water treatment plants. The initial allocation amounted to R 3 600 000.00 with the likely-wood of additional allocation next financial year. Work on the repairs commenced at the end of May 2012 and will continue into the next financial year.



The summary below lists the activities carried out by the section for the financial year under consideration:-

Estimated total water purified	
Klipfontein	2 160ml
Bloemveld	3 541 ml
eMondlo	3 233 ml
Hlobane	240,3ml
Coronation	379,5ml
Louwsburg	208,3ml
TOTAL	9 762,1ml

Estimated total sewage treated	
Klipfontein	1 400ml
eMondlo	1 800ml
Hlobane	1 90,8ml
Coronation	153,3ml
TOTAL	3 544,5ml

Total callouts for Water attended to for the year	
Vryheid	4237
eMondlo	997
Hlobane	301
Coronation	505
Nkongolwane	129
Louwsburg	477
TOTAL	6 646

Total callouts for Sewer attended to for the year	
Vryheid	3 678
eMondlo	3 431
Hlobane	122
Coronation	545
Nkongolwane	79
TOTAL	7 855

Total new Connections carried out for the year	
Water	60
Sewer	20

Water meters replaced either because of theft or damage	314
Water tuck loads deliver to rural areas drawn by ZDM trucks	21,598.36 ml
Water delivered by AbaQulusi to settlements	9,423 ml
TOTAL	31021. 368 ml

An additional service we render to Honey sucker companies is the dumping of raw sewer into our Thuthukani Sewerage Plant

Tedpoul	38 000 It
Masimulas	90 000 It
Gijima	44 700 It
Solantu	282 000 It
Samkelintokoza	96 000 It
Sipho Plant	64 000 It
TOTAL	614700 It

The total expenditure on maintenance activities for the year amounted to R 3 996 914.12



CONTRACT MANAGEMENT SECTION

This section is responsible for the management, monitoring and control of all the capital projects undertaken through contracts awarded to external service providers. The projects are funded externally through the MIG and DoE. There is one project that is funded through the municipal maintenance budget. These include both consultants and contractors. It currently consists of the manager and the projects co-ordinator.

The following contracts were undertaken during the year under review. Some are continuations from the previous year and others are also going to continue into the next financial year:-

Electrification of households in New England, Emdundubezini, Mhlongo Farm, Ncengumusa, Trador Farm and surrounding areas.

Consultant :- Motla Engineering

Contractor :- NCO

A total of approximately 2 000 houses are to be electrified and the total project is funded by Department of Energy. The contract was awarded in October 2011 at the price of R 18 556 593.00. Completion of the project will be in the next financial year



Electrification of approximately 130 additional houses in Vrede/Cliffdale (that were left out in the phase 1 contract completed last year).

Consultant :- Arcus Gibb

Contractor :- To be appointed next financial year

eMondlo Roads and Storm water Phase 2

Consultant :- Afri-Infra

Contractor :- T K Gutters

A project of 0.72 km road upgraded to blacktop surface awarded last financial year at the price of R 4 135 686.30 was completed during the year.



eMondlo Roads and Storm water Phase 3

Consultant :- Afri-Infra

Contractor :- T K Gutters

A project of 1.8 km road upgraded to blacktop surface at a price of R 7 178 767.53 was awarded in October 2011. This project will be completed during next financial year.



Vryheid Extension to Bulk Outfall Sewer

Consultant :- DLV Engineers

Contractor :- Ndwandwe Construction

A project to construct 1,1km bulk outfall sewer for the Ext 17 low cost housing was awarded at a price of R 1 581 344 16 during April 2012. This project will be completed during next financial year

Bhekuzulu Phase 6B

Consultant :- KV3 Engineers

Contractor :- Wonder Dream Projects

A project of 2.1 km bus route upgrade to blacktop surface was first awarded in 2010/2011 financial year, however the awarded contractor failed to proceed with the contract and withdrew his offer. In terms of CIDB requirements the contract could only be re-advertised after six months. The contract was subsequently awarded in June 2012 at a price of R 10 476 175.95 for commencement during next financial year.



Repairs to Kerk/President, President/Utrecht intersections and Pothole repairs on portion of Mark Street

Consultant :- Afri-Infra

Contractor :- Thembaletu Civil

A project for the repairs to the intersections was awarded in August 2011 at the price of R 3 974 416.20. Although the project was initially scheduled for completion within the financial year delays were experienced which led to completion continuing to the following financial year.

NB:- This project is funded through the maintenance budget of the municipality



Mgobhozi Road

Consultant :- KV3 Engineers

Contractor :- Nkunzemnyama Construction

A project for the re-gravelling of 6.1 km road at a price of R 2 275 179.00 was awarded during August 2011. Due to the problems encountered with the designated borrow pit this project has now been delayed to the next financial year.



Sizamindlela Road

Consultant :- KV3 Engineers

Contractor :- Ingwemabala Construction

A project of re-gravelling of 4.2 km road at a price of R 1 787 346.51 was awarded during August 2011 and completed in December same year.



Emathema Road

Consultant :- KV3 Engineers

Contractor :- Queens burgh Equipment Rental

A project of re-gravelling 6.4 km road at a price of R 2 445 750.94 was awarded during May 2012 and will be completed next financial year



KwaTsheku Road

Consultant :- KV3 Engineers

Contractor :- Wonder Dream Projects

A project of re-gravelling 5.2 km road at a price of R 1 403 558.02 was awarded during May 2012 and will be completed next financial year.

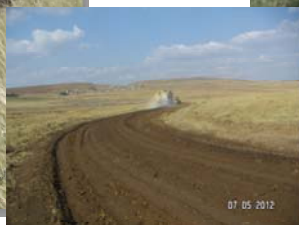


Esigodini Road

Consultant :- KV3 Engineers

Contractor :- Phakamanzi Construction

A project of re-gravelling 2.2 km road at a price of R 1 130 709.85 was awarded during May 2012 and will be completed next financial year



Nceceni Road

Consultant :- KV3 Engineers

Contractor :-Wonke Amakhosikazi Construction

A project of re-gravelling 3,7 km road at a price of R 1 843 544.40 was awarded during May 2012 and will be completed next financial year



Bhekumthetho Road

Consultant :- KV3 Engineers

Contractor :- Phakamanzi Construction

A project of re-gravelling 4.1 km road at a price of R 1 742 717.03 was awarded during March 2012 and will be completed next financial year



The MIG expenditure for the above projects for the financial year amounted to - R 16 493 748.01 whilst for the unspent amount of R 8 336 411.99 application for roll-over has been forwarded to Treasury. Expenditure on the DoE allocation amounted to

DEVELOPMENT PLANNING DEPARTMENT



Introduction

The department comprises of the following sections:

Town Planning
Housing
L.E.D / P.M.U
Tourism
G.I.S
D.P.S.S

Although all sections are functioning, there is still a shortage of staff. Having mentioned that, the performance of each section was satisfactory. It must also be mentioned that there is a major shortage of office space and equipment for the sections. The housing section is located at the main office building and that has a major influence on controlling the daily activities as well as correspondence.

ACHIEVEMENTS FOR THE PAST YEAR

Successful road show for the Tourism and Road Safety during December 2011

- Construction of the transport inter-modal facility in eMondlo. (In construction phase)
- Thusong Centre in eMondlo (Design in progress)
- Funding obtained for the construction of the crèche and adult centre in eMondlo.
- Funds obtained for Spatial Development Framework (SDF) for eMondlo, Hlobane and Coronation.
- The Public Development Fund (P.D.F) for the amount of R 8M funded by P.M.U (D.E.D.T)
- Training of informal traders was completed.
- SMME's and Co-operatives were trained.
- Extension 16 Phase on housing project is in construction.
- Land for Phase 2, extension 16 was identified and the implementing agent is in the process of negotiating the purchase thereof.

Planning Section

During the year the Town Planning Manager resigned and post has been vacant since September 2011. This left a major gap in the section concerning the IDP process. The function was taken over by P.M.S. Manager in November 2011. During May 2012, the process was handed over to D.P.S.S. to complete. The IDP was adopted by Council on 29 June 2012.

The following tasks were attended to:

• Simultaneous PDA Applications	:-	3
• Chapter 4 in terms of PDA	:-	1
• Special Consent	:-	0
• Rezoning	:-	7
• Building Plans approved	:-	88
• Granny flats applications	:-	6
• Relaxations	:-	20
• Subdivisions	:-	5

Housing Section

In this section the Supply Chain Manager was transferred to the department as the Housing Manager. He has since been suspended. The Housing Officer is performing the duties of the Housing Manager.

During the year Implementing agents were appointed for the following housing projects:

• Gluckstadt	-	CHS Developers
• eMondlo A, B and Bhekuzulu 3B	-	NM Quantity Surveyor
• uBhekumthetho	-	Maseko Hlongwa Associates
• Vumani Housing Project	-	Not Appointed Yet

Projects are in the construction phase.

Tourism Section

The Tourism Plan for 2012-2013 was submitted and approved by EXCO.

A successful road show took place in December 2011 and all the handouts sponsors were obtained.

In the KPI's a full report is available of all the activities that took place within the section.

Building Inspection

During the year an additional Building Inspector was appointed as part of D.P.S.S. Although not sufficient, it is a major relief to the section and more control on illegal building activities were done.

The following activities were done for the year:

- Total number of queries dealt with : - 1020
- Building plans approved : - 986
- Value of plans approved : - R 163 458 000

L.E.D Section and P.M.U.

The LED Officer was involved with the SMME and Co-Operatives training. This section was also responsible with the issuing of business licenses. The Officer has since been suspended and no information can be supplied on all the activities that took place within the section.

Development Planning Shared Services (D.P.S.S.)

The team comprises of the following personnel:

- Chief Planner
- Senior Planner
- Building Inspector
- Admin Officer

The Building Inspector and Admin Officer were appointed during the year.

Task that D.P.S.S. assisted with were:

- Completed IDP
- PDA Applications
- Building inspection

Office administration

The Senior Planner assisted with the completion of the IDP in two months from the time the function was handed back to the department.

Challenges for the financial year:

- SDF for eMondlo, Hlobane and Coronation
- Adoption of the Vryheid LUMS by Council
- Obtaining land for ext 16 phase 2 of the housing project.
- Speeding up the approval of housing projects that are listed.

CLOSURE

Although with all the matters of concern raised, the department will endeavour to be effective with all the responsibilities allocated.



Introduction

The purpose of this report is to highlight activities of Community Services Department from 1 July 2011 to 30 June 2012. Activities will includes challenges which were experienced, achievements and plans which were not envisaged to be implemented in the financial year.

Community Services Department is subdivided into three (3) sections, namely:

- Social Services
- Public Safety; and
- Environmental Services

SOCIAL SERVICES

Social Services perform the following functions:

- Museum
- Library Services
- Swimming Pool
- Parks
- Halls
- Sports Programmes/Activities
- Sports Facilities
- Arts and Culture
- Caravan Park

1.1 Museums

Our museums have been in existence for a number of years, but it does not portray the history and heritage of all demographics of the population within our municipality. It is in this reason that this section has been engaging other organs of state, including the Office of the Premier to contribute to the transformation of the museum. It has emerged that there is a very rich from Itshelika Khondlo, the history behind Zwane clan, Prince Imperial and even history about the Zulu nation which has some battles which were fought here and other incidences which took place around this municipality.

The biggest challenge which hindered the execution of planned programmes was the lack of financial resources. Although the Province is assisting with the wages of both the Acting Curator and the Cleaner, there is still a dire need for more funding to appoint a Curator and two Assistants and two Cleaner to take of the facility. The numbers below undoubtedly shows that there is a growing interest within local and even international visitors into our museum. As a result if the Acting has to attend meeting outside town, the museum must close because of the shortage of experienced to narrate to visitors.

Our museum has also hosted some very important gatherings, which shows it is accessible and some tourists and schools has still an interest in what is shown in our museum.

MEETINGS ATTENDED 2011/2012

Zizamelen iKhondlo Trust and AmafaAwa ZuluNatali – regarding proclamation of Isiziba Sika Khondlo as a Heritage Site (September)

Product Holders Meeting / Tourism Meeting (November)

Held a Meeting with the delegates from the Office of the Premier (Heritage Unit) regarding rehabilitation and identifying of new Heritage Sites in the AbaQulusi Area.(February

MEETINGS HOSTED BY MUSEUM 2011/2012

- Meeting with Pastor Tsele – regarding Heritage he can visit in the area (August)
- Zwane clan and AmafaAkwa ZuluNatali (November)
- AbaQulusi Muthi Association (traditional Healers/Izinyanga)(January)
- Delegates from the Office of the Premier KZN(February)
- Mthethwa clan Meeting (May)
- Traditional Leaders / Amakhosi (May)
- Traditional Healers / Izinyanga (May)
- Traditional Leaders / Amakhosi (June)

PROJECTS 2011/2012

(a) School visits

To ensure that our institutions are complementing education and curriculum through supplementary experience that is provided by our museum to schools, the following Schools visited the museum:

- Isikhalisezwe High School (July)
- Hwanqane Combined School (August)
- Kwandwalane Primary School (August)
- Mhlungwane Primary School (August)
- Carpe-diem Private School (August September)
- Metzelfontein Combined School (September)
- Drankensburg Primary School (October)
- Nardini Convent School (October)
- Louwsburg Public School (November)
- HlobaneC reche (March)
- Pioneer High School (March)
- Umzinyathi EDUCATION Centre (April)
- eMondlo Secondary School (May)
- Ambassadors of God (June)

VISITOR'S STATISTICS

MONTH	INBOUND TOURISTS	OUTBOUND TOURISTS	INTERNATIONAL TOURISTS	TOTAL No
July	92	08	0	101
August	226	12	07	235
September	191	08	0	199
October	138	10	04	152
November	106	12	10	128
December	05	0	0	05
January	93	06	02	101
February	115	05	0	120
March	101	11	12	124
April	133	10	01	144
May	150	09	01	160
June	102	29	0	131
Total	1452	120	37	1609

TOURISTS VISITED OUR MUSEUM IN 2011/2012

1609 visitors from June 2011 to July 2012.

International tourists visited the Museum in 2011/2012 is equal to 37.

The total number of tourists not residing within AbaQulusi area in 2011/2012 is 120.(copies of monthly statistics attached)

RENOVATIONS

Lucas Meijer Museum window frames, gutters and down pipes were installed and painted in April/May 2012

The Anti-skiing floor was also repaired in the safe room.

All these renovations were done by the Museum Services from Provincial Office. The service provider and funding was provided by Provincial Museum Services at a cost of R 212 000.00

TO PRESERVE HERITAGE AND PROMOTE INTER- GOVERNMENTAL RELATIONSHIP

Attended a meeting with delegates from the Office of the Premier KZN led by Professor JabulaniMaphalala.

Visited Lancaster Battlefield, Kambula Battlefield, KwaMthashana Battlefield, ItsheLikaMangethe and IsizibasikaKhondlo.

The letter requesting the fencing of ItsheLikaMangethe was sent to the office of the Premier Heritage Unit.

A letter from the Office of the Premier acknowledging that the request was received is attached.

An Arrangement to visit IsiZibasikaKhondlo between The Acting Curator and Delegates from AMAFA AKWAZULU NATALI had been made for the 05th of July 2012.

A road to ItsheLikaMangethe is to be constructed before the end of July 2012 after an arrangement was made between the Acting Curator, Mr E Zwane, the Office of the Premier and Dept. of Transport(June)

MUSEUMS HOT COMINGS 2011/2012

The museum was closed the whole month of December because the Acting Curator had to go on leave this is one of the challenges that is crippling functioning of the Museum.

Sites visits and area collection of the new history were not done monthly because of the unavailability of human and financial resources.

Some of the Heritage sites that were visited are not in a good state and Such Heritage sites includes,

- UMthashane Monument – not fenced and signage not clear
- IsiZibasikaKhondlo – no proper road and signage (May)
- ItsheLikaMangethe – not fenced no signage and no road (May)
- IsikhumbuzosetshelikaMkabayi – damaged and not fenced (May)

OTHER ADMINISTRATIVE FUNCTIONS 2011/2012

Produce monthly reports TO the Council, Tourism KZN and Museum Services. To update these bodies about the progress and the management of the Museums.

Supervise the Cleaner and delegates' duties to her on daily, weekly and monthly basis.

Liaise with other heritage and tourism institutions around the country to get information for our customers and clients.

Handle all enquiries regarding historical, heritage and tourism issues and channels those enquiries to the relevant section and departments if necessary

Operate tours during visits in the museums.

Prepare presentations for school visits to ensure that we do implement policies in regards with education and heritage.

Visit historical venues around AbaQulusi region to ensure proper preservation of the latter. Assist public with the information and material for tourism and heritage.

NB. A vehicle is needed to perform some of the functions mentioned above

1.2. LIBRARIES

We have four (4) libraries within our Municipality. There is one in Bhekuzulu, Louwsburg, eMondlo and Vryheid Library. In all three main libraries membership is drastically increasing. Louwsburg library is currently closed due to administrative problems. We are still engaging the Provincial Department on pertaining staff issues, extension of eMondlo library, and renovations for Louwsburg library and new library for Bhekuzulu. Meetings have been already scheduled to discuss these issues.

The issue of aligning salaries according to ranks has been in abeyance for some time. Personnel who are managing the three libraries are supposed to be called librarian and their supervisor as Chief or Senior Librarian. Currently they are called as Assistant Librarian which is contrary to the guidelines set by the Province.

Below are figures from three (3) around the Municipality:

VRYHEID PUBLIC LIBRARY

MEMBERSHIP

1.2.1.

1st Quarter	July 2011	August 2011	September 2011
	5469	5528	5617

2nd Quarter	October 2011	November 2011	December 2011
	5672	5085 the migration from PALS system to Brocade system affected us a so badly that our membership dropped from 5672 to 5058	5068

3rd Quarter	January 2012	February 2012	March 2012
	5098	5200	5338

4th Quarter	April 2012	May 2012	June 2012
	5447	5519	5586

CIRCULATION FOR VRYHEID LIBRARY OBJECTS

1st Quarter	Circulation of printed object	Circulation of audio visual object	Total
Jul 2011	7352	57	7409
Aug 2011	7039	55	7094
Sep 2011	7946	51	7997
Total	22337	163	22500
Grand Total	22500		

2nd Quarter	Circulation of printed object	Circulation of audio visual object	Total
Oct 2011	6916	121	7037
Nov 2011	2306	00	2306
Dec 2011	2300	12	2312
Total	11522	133	11655
Grand Total	11655		

3rd Quarter	Circulation of printed object	Circulation of audio visual object	Total
Jan 2012	5510	15	5525
Feb 2012	5670	46	5716
Mar 2012	6219	64	6283
Total	17399	125	17524
Grand Total	17524		

4th Quarter	Circulation of printed object	Circulation of audio visual object	Total
April 2012	5408	31	5439
May 2012	5800	31	5831
June 2012	5219	16	5235
Total	16427	78	16505
Grand Total	16505		

	Circulation of printed object	Circulation of audio visual object	Total
1st Quarter	22337	163	22500
2nd Quarter	11522	133	11655
3rd Quarter	17399	125	17524
4th Quarter	16427	78	16505
Total	67685	499	68184
Total	68184		

1.2.2. REVENUE GENERATED FROM VRYHEID LIBRARY

1st Quarter	Fine	Membership	Photocopies	Lost Books	Total
July 2011	R507.20	R640.00	R729.70	R137.46	R2014.36
Aug 2011	R441.00	R695.00	R1360.70	R457.74	R2954.44
Sept 2011	R1096.70	R760.00	R2692.80	R457.88	R5007.38
Total	R2044.90	R2095.00	R4783.20	R1053.08	R9976.18
Grand Total	R9976.18				

2nd Quarter	Fine	Membership	Photocopies	Lost Books	Total
Oct 2011	R678.00	R580.00	R252.80	R376.29	R1887.09
Nov 2011	R383.00	R405.00	R2453.70	R282.67	R3524.37
Dec 2011	R134.00	R180.00	R557.00	R95.00	R966.00
Total	R1195.00	R1165.00	R3263.50	R753.96	R6377.46
Grand Total	R6377.46				

3rd Quarter	Fine	Membership	Photocopies	Lost Books	Total
Jan 2012	R725.00	R625.00	R2609.90	R	R3959.90
Feb 2012	R888.00	R780.00	R2648.40	R	R4316.40
Mar 2012	R1098.00	R755.00	R2442.50	R386.42	R4681.92
Total	R2711.00	R2160.00	R7700.80	R386.42	R12958.22
Grand Total	R12957.42				

4th Quarter	Fine	Membership	Photocopies	Lost Books	Total
April 2012	R1122.00	R510.00	R3143.70	R	R4 775.70
May 2012	R1159.00	R450.00	R3454.50	R79.95	R5 143.45
Jun 2012	R1233.00	R585.00	R2056.50	R17.56	R3 892.06
Total	R3514.00	R1545.00	R8654.70	R97.51	R13 811.21
Grand Total	R13811.21				

	Fine	Membership	Copies	Lost Book	Total
1st Quarter	R2 044.90	R2 095.00	R4 783.20	R1053.08	R 9976.18
2nd Quarter	R1 195.00	R1 165.00	R3 263.50	R753.96	R 6377.46
3rd Quarter	R2 711.00	R2 160.00	R7 700.80	R386.42	R12958.22
4th Quarter	R3 514.00	R1 545.00	R8 654.70	R97.51	R13 811.21
Total	R9 4664.90	R6 965.00	R24 402.20	R2 290.97	R43 123.07
Grand Total	R43 123.07				

1.2. 3. BHEKUZULU PUBLIC LIBRARY MEMBERSHIP

1st Quarter	July 2011	August 2011	September 2011
	2093	2172	2157
2nd Quarter	October 2011	November 2011	December 2011
	2139	2147	2154
3rd Quarter	January 2012	February 2012	March 2012
	2165	2133	2150
4th Quarter	April 2012	May 2012	June 2012
	2165	2053	1984

1.2.4. CIRCULATION FOR BHEKUZULU LIBRARY OBJECTS

1st Quarter	Circulation of printed object	Circulation of audio visual object	Total
Jul 2011	1953	235	2188
Aug 2011	2405	255	2660
Sep 2011	2305	288	2593
Total	6663	778	7441
Grand Total	7441		

2nd Quarter	Circulation of printed object	Circulation of audio visual object	Total
Oct 2011	2231	244	2475
Nov 2011	2491	291	2782
Dec 2011	1145	137	1282
Total	5867	672	6539
Grand Total	6539		

3rd Quarter	Circulation of printed object	Circulation of audio visual object	Total
Jan 2012	1738	276	2014
Feb 2012	2373	265	2638
Mar 2012	2306	260	2566
Total	6417	801	7218
Grand Total	7218		

4th Quarter	Circulation of printed object	Circulation of audio visual object	Total
April 2012	1847	219	2066
May 2012	2431	280	2711
June 2012	2097	221	2318
Total	6375	720	7095
Grand Total	7095		

	Circulation of printed object	Circulation of audio visual object	Total
1st Quarter	6663	778	7441
2nd Quarter	5867	672	6539
3rd Quarter	6417	801	7218
4th Quarter	6375	720	7095
Total	25322	2971	28293
Grand Total	28293		

1.2.5. REVENUE GENERATED FROM BHEKUZULU LIBRARY

1st Quarter	Fine	Membership	Photocopies	Lost Books	Total
July 2011	R0.00	R0.00	R0.00	R0.00	R0.00
Aug 2011	R0.00	R0.00	R0.00	R0.00	R0.00
Sept 2011	R0.00	R0.00	R82.25	R0.00	R82.25
Total	R0.00	R0.00	R82.25	R0.00	R82.25
Grand Total	R82.25				

2ndQuarter	Fine	Membership	Photocopies	Lost Books	Total
Oct 2011	R0.00	R0.00	R61.50	R0.00	R61.50
Nov 2011	R0.00	R0.00	R70.00	R0.00	R70.00
Dec 2011	R0.00	R0.00	R402.50	R0.00	R402.50
Total	R0.00	R0.00	R534.00	R0.00	R534.00
Grand Total	R534.00				

3rd Quarter	Fine	Membership	Photocopies	Lost Books	Total
Jan 2012	R0.00	R0.00	R135.00	R0.00	R135.00
Feb 2012	R0.00	R0.00	R174.00	R0.00	R174.00
Mar 2012	R0.00	R0.00	R130.00	R0.00	R130.00
Total	R0.00	R0.00	R439.00	R0.00	R439.00
Grand Total	R439.00				

4th Quarter	Fine	Membership	Photocopies	Lost Books	Total
April 2012	R 0.00	R0.00	R 36.00	R0.00	R 36.00
May 2012	R 0.00	R0.00	R 62.00	R0.00	R 62.00
Jun 2012	R 0.00	R0.00	R 52.00	R0.00	R 52.00
Total	R 0.00	R0.00	R150.00	R0.00	R150.00
Grand Total	R150.00				

	Fine	Membership	Copies	Lost book	Total
1st Quarter	R0.00	R0.00	R 82.25	R0.00	R 82.25
2nd Quarter	R0.00	R0.00	R 534.00	R0.00	R534.00
3rd Quarter	R0.00	R0.00	R 439.00	R0.00	R439.00
4th Quarter	R0.00	R0.00	R 150.00	R0.00	R150.00
Total	R0.00	R0.00	R1205.25	R0.00	R1205.25
Grand Total	R1205.25				

1.2.6. eMONDLO PUBLIC LIBRARY MEMBERSHIP

1st Quarter	July 2011	August 2011	September 2011
	5984	6027	6064

2nd Quarter	October 2011	November 2011	December 2011
	6108	6139	6153

3 rd Quarter	January 2012	February 2012	March 2012
	6217	6263	6280

4 th Quarter	April 2012	May 2012	June 2012
	6305	6348	6421

1.2.7. CIRCULATION FOR eMONDLO LIBRARY OBJECTS

1 st Quarter	Circulation of printed object	Circulation of audio visual object	Total
Jul 2011	1343	99	1442
Aug 2011	1613	166	1779
Sep 2011	1417	166	1583
Total	4373	431	4804
Grand Total	4804		

2 nd Quarter	Circulation of printed object	Circulation of audio visual object	Total
Oct 2011	1042	300	1342
Nov 2011	1132	194	1326
Dec 2011	605	180	785
Total	2779	674	3453
Grand Total	3453		

3 rd Quarter	Circulation of printed object	Circulation of audio visual object	Total
Jan 2012	1523	139	1662
Feb 2012	1647	273	1920
Mar 2012	1411	258	1669
Total	4581	670	5251
Grand Total	5251		

4th Quarter	Circulation of printed object	Circulation of audio visual object	Total
April 2012	1013	164	1177
May 2012	1452	228	1680
June 2012	951	93	1044
Total	3416	485	3901
Grand Total	3901		

	Circulation of printed object	Circulation of audio visual object	Total
1st Quarter	4373	431	4804
2nd Quarter	2779	674	3453
3rd Quarter	4581	670	5251
4th Quarter	3416	485	3901
Total	15149	2260	17409
Grand Total	17409		

1.2.8. REVENUE GENERATED FROM eMONDLO LIBRARY

1st Quarter	Fine	Membership	Photocopies	Lost Books	Hall hire	Total
July 2011	R0.00	R185.00	R 763.00	R140.00	R251.50	R1339.50
Aug 2011	R0.00	R215.00	R1123.00	R 0.00	R 0.00	R1338.00
Sept 2011	R0.00	R185.00	R1629.00	R 0.00	R 0.00	R1814.00
Total	R0.00	R585.00	R3515.00	R140.00	R251.50	R4491.50
Grand Total	R4491.50					

2nd Quarter	Fine	Membership	Photocopies	Lost Books	Total
Oct 2011	R0.00	R220.00	R1128.80	R204.00	R1552.80
Nov 2011	R0.00	R160.00	R1109.00	R326.65	R1595.65
Dec 2011	R0.00	R 70.00	R 315.00	R 0.00	R 385.00
Total	R0.00	R450.00	R2552.80	R530.65	R3353.45
Grand Total	R3533.45				

3rd Quarter	Fine	Membership	Photocopies	Lost Books	Total
Jan 2012	R0.00	R320.00	R1918.00	R0.00	R2238.00
Feb 2012	R0.00	R230.00	R 628.00	R0.00	R 858.00
Mar 2012	R0.00	R315.00	R 561.00	R0.00	R 876.00
Total	R0.00	R865.00	R3107.00	R0.00	R3972.00
Grand Total	R3972.00				

4th Quarter	Fine	Membership	Photocopies	Lost Books	Total
April 2012	R0.00	R125.00	R 407.00	R 42.00	R 574.00
May 2012	R0.00	R215.00	R 484.00	R 86.10	R 785.10
Jun 2012	R0.00	R365.00	R 354.00	R 0.00	R 719.00
Total	R0.00	R705.00	R1245.00	R128.10	R2078.10
Grand Total	R2078.10				

	Fine	Membership	Copies	Lost book	Hall hire	Total
1st Quarter	R0.00	R 585.00	R3515.00	R140.00	R251.50	R4491.50
2nd Quarter	R0.00	R 450.00	R2552.80	R350.65	R 0.00	R3353.45
3rd Quarter	R0.00	R 865.00	R3107.00	R 0.00	R 0.00	R3972.00
4th Quarter	R0.00	R 705.00	R1245.00	R128.10	R 0.00	R2078.10
Total	R0.00	R2605.00	R10419.80	R618.75	R251.50	R13895.05
Grand Total	R13895.05					

1.2.9. MEMBERSHIP FOR LIBRARIES

1st Quarter	July 2011	August 2011	September 2011
Vryheid Library	5469	5528	5617
Bhekuzulu Library	2093	2172	2157
eMondlo Library	5984	6027	6064

2nd Quarter	Oct 2011	November 2011	December 2011
Vryheid Library	5672	5085 the migration from PALS system to Brocade system affected us a so badly that our membership dropped from 5672 to 5058	5068
Bhekuzulu Library	2139	2147	2154
eMondlo Library	6108	6139	6153

3 rd Quarter	January 2012	February 2012	March 2012
Vryheid Library	5098	5200	5338
Bhekuzulu Library	2165	2133	2150
eMondlo Library	6217	6263	6280

4 th Quarter	April 2012	May 2012	June 2012
Vryheid Library	5447	5519	5586
Bhekuzulu Library	2165	2043	1984
eMondlo Library	6305	6348	6421

1.2.10. CIRCULATION FOR ALL LIBRARIES

Vryheid Library	Circulation of printed object	Circulation of audio visual object	Total
1st Quarter	22337	163	22500
2nd Quarter	11522	133	11655
3rd Quarter	17399	125	17524
4th Quarter	16427	78	16505
Total	67685	499	68184
Grand Total	68184		

Bhekuzulu Library	Circulation of printed object	Circulation of audio visual object	Total
1st Quarter	6663	778	7441
2nd Quarter	5867	672	6539
3rd Quarter	6417	801	7218
4th Quarter	6375	720	7095
Total	25322	2971	28293
Grand Total	28293		

eMondlo Library	Circulation of printed object	Circulation of audio visual object	Total
1st Quarter	4373	431	4804
2nd Quarter	2779	674	3453
3rd Quarter	4581	670	5251
4th Quarter	3416	485	3901
Total	15149	2260	17409
Grand Total	17409		

TOTAL CIRCULATION FOR ALL LIBRARIES FROM JULY 2011 TO JUNE 2012

	Circulation of printed object	Circulation of audio visual object	Total
Vryheid	67685	499	68184
Bhekuzulu	25322	2971	28293
eMondlo	15149	2260	17409
Total	108156	5730	113886
Grand Total	113886		

1.2.11. MONIES FOR VRYHEID LIBRARY

	Fine	Membership	Copies	Lost book	Total
1st Quarter	R2 044.90	R2 095.00	R 4 783.20	R1053.08	R 9 976.18
2nd Quarter	R1 195.00	R1 165.00	R 3 263.50	R 753.96	R 6 377.46
3rd Quarter	R2 711.00	R2 160.00	R 7 700.80	R 386.42	R12 958.22
4th Quarter	R3 514.00	R1 545.00	R 8 654.70	R 97.51	R13 811.21

Total	R9 464.90	R6 965.00	R24 402.20	R2 290.97	R43 123.07
Grand Total	R43 123.07				

REVENUE GENERATED BY BHEKUZULU LIBRARY

	Fine	Membership	Copies	Lost book	Total
1st Quarter	R0.00	R0.00	R 82.25	R0.00	R 82.25
2nd Quarter	R0.00	R0.00	R 534.00	R0.00	R 534.00
3rd Quarter	R0.00	R0.00	R 439.00	R0.00	R 439.00
4th Quarter	R0.00	R0.00	R 150.00	R0.00	R 150.00
Total	R0.00	R0.00	R1205.25	R0.00	R1205.25
Grand Total	R1205.25				

REVENUE GENERATED BY eMONDLO LIBRARY

	Fine	Membership	Copies	L/book	Hallhire	Total
1 st Quarter	R0.00	R 585.00	R3515.00	R140.00	R 251.50	R4491.50
2 nd Quarter	R0.00	R 450.00	R2552.80	R350.65	R 0.00	R3353.45
3 rd Quarter	R0.00	R 865.00	R3107.00	R 0.00	R 0.00	R3972.00
4 th Quarter	R0.00	R 705.00	R1245.00	R128.10	R 0.00	R2078.10
Total	R0.00	R2605.00	R10419.80	R618.75	R 251.50	R13895.05
Grand Total	R13895.05					

1.2.12. TOTAL AMOUNT FOR ALL LIBRARIES FROM JULY 2011-JUNE 2012

	Fine	Membership	Copies	L/book	Hall hire	Total
Vryheid	R9 464.90	R 6 965.00	R24 402.20	R2 290.97	R	R43123.07
Bhekuzulu	R 0.00	R 0.00	R 1205.25	R 0.00	R	R 1205.25
eMondlo	R 0.00	R 2 605.00	R10 419.80	R 618.75	R 251.50	R13895.05
Total	R 9 464.90	R 9 570.00	R36027.25	R2909.72	R 251.50	R58223.37
Grand Total	R58223.37					

1.3 Swimming Pool

Swimming pool is currently closed due to the season of the year but it shall be open in the next financial year. In this financial year it generated R 9 310.70. In August the preparations will commence as it will be opened in September.

There are plans to extend the swimming pool to Olympic size. Few proposals have sent to different organisation and government department sourcing funds to renovate Vryheid, Hlobane and Coronation swimming pool.

1.4 PARKS

1.41. GROOTGEWACHT DAM

The facility is being used by Tourists and Community Social Clubs around Vryheid. There is a local Jazz Club that was established last year in Vryheid they have a plans on it and they are busy negotiating with sponsors as they also have partnership with Macufe jazz organisers to stage it in Vryheid this year.

Local High Schools and various Clubs like VulaVala Entertainment are

using this facility for recreational purposes.

1.4.2 KLIPFONTEIN DAM

This facility is also on great demand for fishing, social clubs, high Schools Community based organisations and Government Departments. During festive session last year 2011 the Vula Vala Entertainment staged a successful event and the community enjoyed themselves to the fullest.

The Dee entertainment also showed an interest in staging a Valentine's Day Bash next year i.e. 2013.

1.4.3 PADDA DAM

This facility is on demand from the people within AbaQulusi and outside for parting and weddings, Schools, teachers unions, burial societies, stok vels and Jazz Clubs.

The only challenge with this Park is closer to a residential area. Every little noise affects residents.

It still needs more braai stands because some were vandalised.

1.4.4 DUNDEE ROAD PARK

It is one of the biggest parks. It is located in a very convenient place, along the road to Dundee. It is usually used for braai's and other social events.

1.4.5 MARKET SQUARE PARK

This park is in the heart of the town. It is mostly used for office parties and also by school kids after school. It is also used for street fairs and thrift parties. There are plans to put braai stands around the park.

1.5 HALLS

1.5.1 CECIL EMMET HALL

This is the most famous facility in town. It is commonly used for government meetings, gala dinners etc.

The sound proof and other renovations will be done in the next financial year.

1.5.2 BHEKUZULU HALL

Bhekuzulu hall needs to be renovated to accommodate all indoor sport activities and continue to be used as a meeting for various meeting and gatherings.

Plans to plant trees around the hall are at the advance stage.

1.5.3 eMONDLO HALL

That hall is literally small to serve that community which is a densely

Populated area. Local school and the community used for various community gatherings.

ABAQULUSI MUNICIPAL HALL REQUIREMENTS

AREA	WARD	HALL	BUILDING & FACILITIES	ESTIMATED COST	TOTAL AMOUNT
Vryheid	8	Cecil Emmett chairs 600 tables 22 Pulpit	Sound proof system 4 entrance doors Tiles	R 700 000.00	
			200 chairs 60 tables 2 floor cleaning machines	R 80 000.00	
					R 780 000.00
Bhekuzulu Location	10	King Zwelithini chairs 220 tables 2	Toilet system Windows Doors	R 300 000.00	
			15 tables 100 chairs	R 50 000.00	
					R 350 000.00
eMondlo	18	eMondlo hall chairs 236 tables 5	New door Window Toilet system Painting	R 250 000.00	

AREA	WARD	HALL	BUILDING & FACILITIES	ESTIMATED COST	TOTAL AMOUNT
			200 chairs 15 tables	R 50 000.00	
					R 300 000.00
Lakeside	22	Lakeside hall table 15 chairs 156 and 1 pulpit	Windows Toilet System 3 doors	R 100 000.00	
			10 tables 50 chairs	R 50 000.00	
					R 150 000.00
Hlobane	7	Hlobane hall chairs 230 and tables 9	10 tables 50 chairs	R 50 000.00	
					R 50 000.00
Louwsburg	1	Mzamo hall tables 3 and chairs 196	Electricity 2 doors Toilet system	R 90 000.00	
			200 chairs 15 tables	R 100 000.00	
					R 100 000.00
Coronation	6	Coronation hall tables 1 and 5 chairs	2 doors Replace toilet system Fencing Sewerage upgrade Electricity repairs	R 480 000.00	
			15 tables 300 chairs Security	R 20 000.00	
					R 500 000.00
Gluckstadt	4	Gluckstadt hall 200 0	Upgrade ablution facility Fencing and boom gate	R 150 000.00	
			15 tables	R 10 000.00	
					R 160 000.00
Nkongolwane	6	Nkongolwane hall 320 chairs 5 tables	Toilet system 2 doors	R 10 000.00	
			15 tables	R 5 000.00	
					R 15 000.00
TOTAL AMOUNT					R 2, 485 000.00

1.6 Sports Programmes Mayoral Cup

We have our Mayoral Cup as an annual event. Although we collected some trophies but the performance was not up to standard. As a result our district came last at Kwanaloga Games. More concentration has to be put in selection. Some problems emerged because most of cluster Co-ordinators owned teams within the Municipality. That irrupted a lot of favouritism which robs us talented players to be exposed.

We still have a challenge in drawing closer teams from schools because they actual in involve in different sport codes for the whole year. They practice and nurtured longer than those who are not at school. This is going to be one of our priorities in the next financial year.

We are also going to initiate sport activities for the employees of the Municipality. This will assist in selecting teams which will represent our Municipality when invited by other Municipalities and government department.

1.7 SPORTS FACILITIES

1.7.1 CECIL EMMETT INDOOR SPORTS.

The hall is the prestigious centre of hope in Vryheid and it needs a special attention by means of installing fundamental issues like sound roof system and at the yard that garden has to be cared of on maintenance including air condition.

1.7.2 BHEKUZULU STADIUM.

The Bhokuzulu Stadium is earmarked to be an athletic field. Funds are being raised for that. It is anticipated that the first phase will begin in January 1213.

1.7.3 LAKESIDE SPORTS GROUND.

The Sports ground is in good condition however the fence and poles were literally stripped off by the community. Ablution facilities will be fixed in the next financial year.

1.7.4 eMONDLO SPORTS STADIUM.

This sports centre was built by Zululand District Municipality. Phase which will be costing R1,7 million will be completed soon. It has not been handed over to the Municipality. Currently is used for big government functions.

1.7.5 HLOBANE SPORTS FACILITIES

The centre was built by the mine. It has few sports field that can make great difference to people residing in that if it can be renovated and maintained properly.

1.7.6 CORONATION SPORTS FACILITIES

This facility needs some extension to accommodate sport activities in the area.

1.7.7 NKONGOLOANE SPORTS FACILITIES.

The Sports field grass to be cut

The Tennis Court is vandalised however it is repairable.

1.7.8 Arts and Culture

We participated in Reed Dance which is an annual provincial event. Once again our Municipality was commended for being the most organised compare to others. This has resulted in the escalating number of maidens within our Municipality.

We also participated in Umbele Wethu which a district cultural competitions. We did not perform well compared to other years. Last two years we were overall winners. A post mortem will be conducted to ascertain the underlying problems.

1.9 Caravan Park

A draft policy for caravan has been developed. It is waiting to be presented at the Council meeting in the next financial year. This is done to regulate the management and the maintenance of the park. It has been discovered that they are people who have been staying there for years. The policy is proposing that a person or a group should not stay for a period which is over than two weeks.

New geysers, doors and windows that were installed have been vandalised because of reasons stated above.

PUBLIC SAFETY

Public Safety is categorised into ten divisions which will be discussed below.

2.1 DIVISION:

2.1.1 TRAFFIC LAW ENFORCEMENT

- The following are the main functions under traffic law enforcement:
- Traffic Law Enforcement
- Road Safety Education
- Traffic Control
- Scholar Patrol
- Municipal By-laws
- Escorts i.e. VIP, Funeral processions, marches, marathons, rallies, etc.
- Attending road accidents and complaints
- Investigation of complaints
- Execution of Warrants of Arrest

TRAFFIC ADMINISTRATION SECTION

- Capturing of Written Notices (tickets)
- Generating of Summonses
- Preparation of Court roll
- Handling of Representations
- Liaising with the Court

2.1.2 TOTAL TICKETS ISSUED

MONTH	AMOUNT OF SEC. 341 TICKETS ISSUED	AMOUNT OF SEC 56 TICKETS ISSUED	TOTAL TICKETS ISSUED	VALUE OF TICKETS ISSUED
July	158	873	1 031	R597 209
Aug	1 058	1 194	2 252	R830 510
Sep	1 337	390	1 727	R414 350
Oct	595	704	1299	R593 600
Nov	549	752	1301	R579 280
Dec	735	1473	2208	R988 250
Jan	528	1079	1607	R702 800
Feb	514	1129	1643	R807216
Mch	8	1076	1084	R698 746
Apr	202	594	1096	R623 920
May	344	358	702	R274 450
June	220	307	527	R242 800
Total	6 248	9 929	16 177	R7 353 131

The total amount of sect 341 tickets issued for the year	-	R	6 248
Total amount of sect 56 summonses issued for the year		R	9 929
Total tickets issued	-	R	16 177
Value of tickets issued	-	R	7 353 131

2.2 WARRANTS OF ARREST

MONTH	AMOUNT OF W/ARREST EXECUTED	VALUE OF W/ARREST EXECUTED
July	27	R 14 550
Aug	22	R 10 750
Sep	54	R 40 450
Oct	45	R 24 400
Nov	28	R 17 550
Dec	-	-
Jan	10	R 6 600
Feb	9	R 4 000
March	9	R 4 000
Apr	10	R 9 100
May	29	R 17 450
June	51	R 26 730
Total	294	R 175 580

Total amount of warrants executed for the year	-	294
Total value of Warrants executed	-	R 175 580

2.3 ACCIDENTS

The Officers attended to 81 accidents during the year:

July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mch	Apr	May	June
07	08	03	07	06	04	01	07	06	07	08	17

Several serious accidents occurred within the Municipal area:

- A motor cyclist was fatally injured in High Street
- On the Vryheid/Dundee Road By-Pass, a truck collided with two light motor vehicles, two people died on the scene.
- A minibus and taxi collided on the Melmoth Road and three people were severely injured.
- A bakkie collided with a cyclist who was fatally injured.
- 5 Teachers died on the Hlobane Road
- South & Stretch, a minibus collided with light motor vehicle, 4 people seriously injured.

- On the Hlobane Road, a pedestrian was hit by a vehicle and died on the scene.

Not all accidents which took place were reported to Public Safety, as the Road Traffic Inspectorate DOT also assisted with accidents within Municipal boundaries.

2.4 ROAD SAFETY

Scholar Patrols/Point Duty

The Officers attended to the scholar patrols, and is manning the following point duties:

- (i) Hlobane Road (Bhekuzulu)
- (ii) Hlobane Road (Hluma School)
- (iii) Makwatha Primary School
- (iv) Bhekuzulu Primary School
- (v) Nkanyiso School of Deaf
- (vi) Mark & Republic Street (Vryheid Combine School)
- (vii) Melmoth Road (Lake Side)

2.5 ESCORTS

The following escorts were conducted by Officers of this Dept.

Funerals

On the 19th of November, 22 May, 04 March, 16 March and 16th of June, the Officers assisted with funeral escorts.

Marathons & Fun Walks

The Vryheid Athletics Club was assisted with traffic control on the 17th of October with the AbaQulusi Spar Race.

- On the 11th of November the Nando's Aids Ride was escorted.
- A Faith Walk was held by the Abundant Church on the 19th of November.
- A bicycle ride for Climate Justice on the 19th of Nov.
- On the 22nd of November the New Seven Day Church had a march.
- On the 26th of November a fun walk was escorted for Khulisa Social Solutions.
- On the 17th of February the Provincial Health Department had a Fun Walk
- On the 14th Feb, Vryheid Athletics Club had the Valentine Race
- On the 23rd of Feb the Officers escorted a marathon
- The Lancaster Striders Athletic Club was assisted with traffic control during their fund raising event on the 26th of November.
- Vryheid High School had their 125 years celebrations on the 3rd and 4th of September, and the officers assisted with traffic control during the march.

- On the 16th of June the Officers escorted a fun walk by Khulisa Social Solutions.
- On the 27th of June the SAPS had a marathon.
- On the 16th of June, the officers assisted with traffic control for the Vryheid Vintage Car Show. **Marches**

On the 1st of July, the Officers assisted with a march in Ward 14, Mvunyanane.

On the 25th of June the Mahlabaneni Residents had a march which was escorted.

On the 16th of June a march was escorted for the Sinobuntu eMondlo Youth Organisation.

2.6 ROADBLOCKS

MONTH	TOTAL ROADBLOCKS
July	1
Aug	2
Sep	1
Oct	7
Nov	4
Dec	9
Jan	1
Feb	2
Mch	2
April	2
May	1
June	1
Total	33

2.7 ARRESTS

Several arrests were made during the year. Most arrests were made over the holiday periods during December 2011 and January 2012, and during the Easter Season in April 2012 where drunken drivers were arrested. Other arrests were made for reckless and negligent driving. In total, 138 people were arrested by Officers of this Department.

MONTH	ARRESTS
July	2
Aug	7
Sep	3
Oct	3
Nov	5
Dec	66
Jan	12
Feb	2
March	16
April	15

MONTH	ARRESTS
May	3
June	4
Total	138

2.8 SPECIAL DUTIES

- On the 1st of July 2011 the Officers assisted with a march in Ward 14, Mvunyanane.
- On the 22nd of July, a portion of Republic Street, between Church & Utrecht Street, was temporary closed for the Vryheid High School Metric Farewell.
- On the 30th of July, a fun run was escorted for Vryheid Athletics Club.
- On the 30th of July, Minister Radebe was escorted from Stillwater to Vryheid Comprehensive.
- On the 5th of August 2011, Traffic Officers assisted with the Mpofini Metric Dance traffic control.
- On the 19th of August, Filidi High School metric dance's. Traffic Officers were requested to provide security and order.
- On the 2nd of September, a roadblock was held in conjunction with the other stakeholders of the Integrated Traffic Law Enforcement Committee, (RTI, SAPS and Correctional Services).
- On the 3rd of Sep, the portion of South Street between High and Landdrost Street was temporary closed for the Iron Man Competition which was held at Lucas Meyer Sport Field.
- Operation "Warrant of Arrest" took place between 05 – 30 September 2011,
- On the 2nd of September, NRS was assisted with road safety where the children had to walk from the school to the soccer field, crossing Church Street.
- For the whole month of September, Traffic Officers were requested to assist with traffic control in town, due to the road constructions.
- On the 21st of October, Officers assisted Zululand Municipality on their Road Shows at Cecil Emmett.
- Operation Alcohol Law Enforcement took place on the 28th& 29th of October.
- Operation "Arrive Safe FikaEkhaya Uphephile" was in operation since the 18th of November until the 13th of January 2012.
- On the 16th of February the Officers went to eMondlo to assist with traffic control where a function was held in the hall.
- On the 29th of Feb the Premier was escorted from the Airfield to the ANC Offices.
- On the 22nd, 23rd and 24th of May, Officers escorted the Premier with his entourage between eMondlo and Vryheid.

- On the 16th of June, Officers closed one lane of South Street, between High and Landdrost Street, and assisted with traffic control during the Vryheid Vintage Car Show.

2.9 RECOMMENDATIONS FOR TAXI OPERATING LICENSES

Applications to replace operating licenses as well as additional route application were received and approved.

MONTH	AMOUNT
July	-
Aug	01
Sep	04
Oct	03
Nov	18
Dec	07
Jan	20
Feb	23
March	07
April	22
May	10
June	2
Total	117

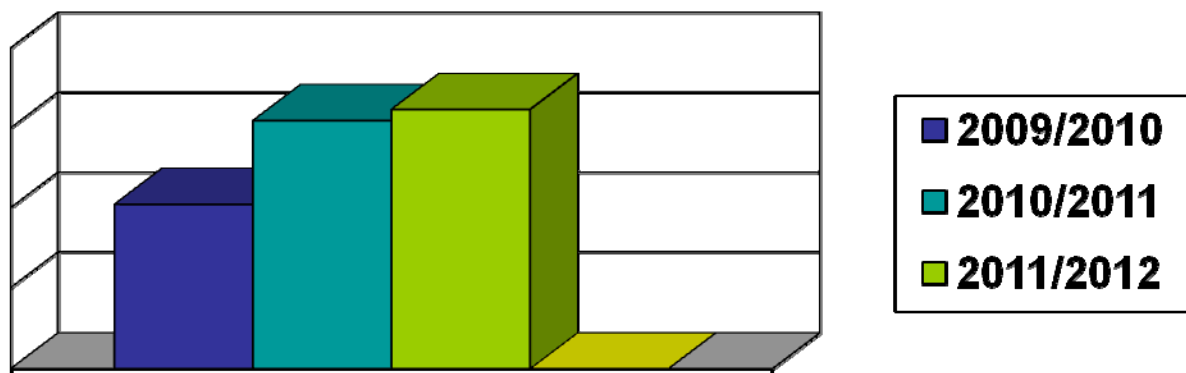
2.10 TRAFFIC FINE INCOME

Cheques from Court – total value	- R 1 476 920
Traffic Fine payments received at the office	- R 128 100
Traffic Fine payments received by Finance	- R 10 600
Total Traffic Fine Income	- R 1 615 620

MONTH	TRAFFIC FINE INCOME FROM COURT	TRAFFIC FINE PAYMENTS RECEIVED AT THE OFFICE	TRAFFIC FINE PAYMENTS RECEIVED BY FINANCE	TOTAL TRAFFIC FINE INCOME
July	R 107 050	R 3 200		R 110 250
Aug	R 111 850	R 6 300		R 118 150
Sep	R 126 650	R 12 500		R 139 150
Oct	R 146 450	R 14 100		R 160 550
Nov	R 129 520	R 11 100		R 140 620
Dec	R 57 500	R 8 700		R 66 200
Jan	R 150 600	R 7 600		R 158 200
Feb	R 92 600	R 6 400		R 99 000
Mch	R 131 250	R 14 300	R 4 200	R 149 750

Apr	R 123 900	R 7 200	R 2 600	R 133 700
May	R 151 300	R 20 100	R 2 200	R 173 600
June	R 148 250	R 16 600	R 1 600	R 166 450
Total	R 1 476 920	R 128 100	R 10 600	R 1 615 620

3 YEAR TRAFFIC FINE INCOME ANALYSIS



2009/10 **2010/11** **2011/12**
 022 025 R 1 546 150 R 1 615 620

2.11 DIVISION: TECHNICAL SERVICES

This section is responsible for the following functions in Vryheid and surrounding areas as Bhekuzulu, Louwsburg, etc.:

- Erecting Road Traffic Signs
- Fixing Road Traffic Signs; and
- Marking and Painting of Roads

2.12 ROAD MARKINGS

- Re-painted all loading zones in CBD area of town four times within this financial year
- All parking areas were re-painted
- Stop lines & markings were re-painted throughout town, including residential areas
- Painted all middle lines
- Painted pedestrian crossings
- Painted all 4-way stops
- Red lines were painted in town
- Repainted all road markings at the Testing Station

2.13 ROAD SIGNAGE

- Numerous stop signs were replaced and repaired.
- Erected new stop signs with poles in several areas
- Repaired signs where necessary
- Street name boards were replaced and repaired where necessary.
- Erected signs on the Hlobane Road
- All robot poles were repainted
- The Technical Team also assisted with the removal of illegal posters from electrical boxes and road signs.
- The area around the pits at the Vehicle Testing Station was cleaned and prepared for the installation of the new testing equipment.
- The pits and the surrounding area were painted.

2.14 DIVISION: FIRE AND RESCUE

- This division is responsible for the following functions:
- Fire fighting and prevention.
- Approval of new building plans
- Carry out final occupation inspections
- Carry out flammable liquid fire inspections
- Carry out new business licenses fire prevention inspections.
- Carry out routine inspections.
- Fire Demonstrations

2.15 FIRE CALLS

MONTH	TOTAL OF FIRE CALLS	DETAILS
July	3	House in eMondlo Fire at Bloemveld Dam. Fire at Stillwater where the veld was on fire
Aug	3	A tractor was on fire in Dundee Road. A house was set on fire when the children lit a gas canister which exploded, 09 Afrikaner Street. Special fire duties were done on the 25th and 28th of Augustus, where the fire tender was requested to be on standby at Ithala Game Reserve, landing of aeroplane.
Sep	6	House fire at Cliffdale Hlobane Area Fire at the dumpsite Second call-out to Dumpsite Fire at Plot 10, Saailaagte Fore at Cecil Emmett House on fire at Gobinsimbi Street, eMondlo
Oct	0	
Nov	0	
Dec	1	21st of December, a house fire at Nkongolwane.

MONTH	TOTAL OF FIRE CALLS	DETAILS
Jan	0	
Feb	1	A house was on fire in Block B, eMondlo
Mch	2	In Hlobane Road near Panorama, a car burnt out A fire at Nyathi Village on the 23rd of March.
Apr	1	1254 Gambushe Street, Bhekuzulu, a washing machine burnt.
May	3	Fire at Asphalt Premix Plant in Heeren Street A vehicle as well as tyres inside premises, on fire at 23 Stretch Crescent Called out to a house fire in Lakeside.
June	5	Fire at Penvaan Feeds Storage in Kommando Road Fire at Pobco Motor Works where a vehicle was on fire Fire at M & H Testing Centre where a Wendyhouse was on fire Fire at Electrical Workshop – gasbottles Fire at Lancaster Lodge
Total	25	

2.1.6 BUSINESS INSPECTIONS

MONTH	TOTAL INSPECTIONS DONE	DETAILS
July	2	Trust Mart Supermarket Vukuzenzela Tavern
Aug	2	Stalle Restaurant Wimpy Restaurant
Sep	3	Engadini Tavern Zamashenge Tavern Manandi Tavern
Oct	2	Kwasizabantu Restauraht Sasko Bakeries

MONTH	TOTAL INSPECTIONS DONE	DETAILS
Nov	7	Isiyalu Take Away Ossies Tyres Premises 1 Ossies Tyres Premises 2 Sweetco Handmade Sweets Provincial Hospital Laboratory Kwasizabantu Restaurant Enkwanini Trading Store
Dec	5	Dry Zone in eMondlo Sweet co

		61 President Street Atdora Store in Louwsburg Mbilana Tavern, Hlobane
Jan	0	
Feb	3	LMS Brokers Total Gas Woolworths
March	10	Shop no 26, Strech Crescent Manadi Tavern Total Gas Engadine Tavern Ndaba Trading Checkers Whozani Store Trust Mart Supermarket Shoprite Pamter Property
Apr	2	NTT Toyota Ossies Tyres
May	3	Trust Mart Supermarket Wazani Store Eagle Court Town Houses
June	1	Glutz Centre
TOTAL	40	

2.1.7 DISASTER

Our area has experienced heavy stormy rainy weather between October 2011 and February 2012, which left some communities homeless. Municipal officials were then deployed to the affected communities to assess the magnitude and the severity of the disaster incidents. Other sporadically incidents also occurred.

The following incidents were assessed during the year:

MONTH	TOTAL ASSESSMENTS DONE	DETAILS
July	05	Ward 12, Brakfontein Farm, a house was totally burnt down. Mgadi Street, eMondlo, 2 rooms was set on fire by a candle. Ward 2. 1 room of a house was damaged by fire. Ward 17, Emadresini, where one room of a house was damaged by fire. Ward 2, Ngoje Area, where a fire destroyed
Aug	08	Ward 2, a room in a house was damaged. Ward 2, a house was damaged due to fire. Ward 3, a person was shot dead Ward 1, a fire damaged a house Ward 15, a fire damaged 2 rooms of a house Ward 7, 1 house burnt down. Ward 2, mother of Mwandla family passed away.

MONTH	TOTAL ASSESSMENTS DONE	DETAILS
		Ward 5, mother of Buthelezi family passed away.
Sep	06	<p>83 Boeren Street, Gielink family member passed away and needed Municipal assistance</p> <p>Ward 13, a member of Nkohla family passed away, drown in the dam.</p> <p>Ward 17, Mbatha family member passed away</p> <p>Ward 7, Khumalo family member passes away after stroked by lighting.</p> <p>Ward 7, Khumalo family member passes away after stroked by lighting.</p> <p>Ward 14, an incident took place o where a person was killed after a house was on fire.</p>
Oct	18	<p>Ward 15, a lady passed away</p> <p>Ward 03, a lady died in hospital</p> <p>Ward 2, lightning destroyed a room</p> <p>Ward 3, a person passes away due to illness.</p> <p>Nkambule Area, a sick female passed away.</p> <p>Ward 02, fire destroyed a room</p> <p>Ward 8, father of five passed away</p> <p>Ward 21, strong wind damaged a house</p> <p>Ward 3, a room was destroyed by fire.</p> <p>Ward 18, fire caused damaged to a house</p> <p>Ward 11, heavy rain</p> <p>Ward 2, 13, heavy rain</p>
Nov	45	<p>01 November – Ward 11 – Strong wind and rain damaged a house</p> <p>01 November – Ward 11 – Strong rain destroyed a room of a house</p> <p>01 November – Ward 11 – Strong rain destroyed a room</p> <p>08 November – Ward 12 – A house burnt down.</p> <p>18 November – Ward 15 – A room of a house fall down due to hail.</p> <p>18 November – Ward 15 – Hail caused a house to crack</p> <p>18 November – Ward 15 – A house was damaged by hail</p> <p>18 November – Ward 15 – A house's roof was blown off.</p> <p>18 November – ward 15 – Strong rain took a roof of a house off.</p> <p>18 November – Ward 15 – Strong rain took a roof off.</p> <p>18 November – Ward 15 – Heavy rain took a roof off.</p> <p>18 November – Ward 15 – Strong rain took a roof off.</p> <p>18 November – Ward 15 – Strong rain destroyed 2 rooms.</p> <p>18 November – Ward 15 – A room was damaged by hail.</p> <p>18 November – Ward 15 – A house cracked due to hail</p> <p>18 November – Ward 13 – A lady was stroke by lightning in President Street – Spar</p> <p>18 November – Ward 2 - A roof was blown away by wind.</p> <p>18 November – Ward 2 – A roof of a house collapsed.</p>

MONTH	TOTAL ASSESSMENTS DONE	DETAILS
		<p>18 November – Ward 2 – A house collapsed due to hail.</p> <p>18 November – Ward 2 – A house collapsed due to hail</p> <p>19 November – Ward 2 – A person fell down a bridge and died on the scene.</p> <p>07 November – Ward 06 – A house burnt due to faulty electrical wiring</p> <p>28 November - A roof of a house was blown away.</p> <p>30 November – Ward 2 – lightning destroyed a room of a house</p> <p>30 November - Ward 3 – heavy rain damaged a house.</p> <p>30 November – Ward 4 – Wind caused a house to fall down.</p> <p>30 November – Ward 4 – 2 Rooms were blown away by wind.</p> <p>30 November – Ward 4 – A house was blown away by wind.</p> <p>06 October – Ward 03 – A lady died in hospital.</p> <p>07 October – Ward 02 – Lightning destroyed a room of a house.</p> <p>12 October – Ward 03 – A person passes away due to illness.</p> <p>13 October – Nkambule Area – A female passes away who was sick</p> <p>15 October – Ward 02 – Fire destroyed a room of a house.</p> <p>16 October – Ward 08 – Father of family passed away.</p> <p>18 October – Ward 21 – Strong wind damaged 4 rooms of a house.</p> <p>22 October – Ward 03 – One room of a house was destroyed by fire</p> <p>24 October – Ward 18 – Assessment was done on a fire which took place on the 2nd of July 20-11.</p> <p>27 October – Ward 11 – heavy rain.</p> <p>28 October – Ward 11 – heavy wind and rain</p> <p>28 October – Ward 02 – heavy rain.</p> <p>28 October – Ward 13 – heavy rain</p> <p>28 October – Ward 13 – heavy rain and wind</p> <p>28 October – Ward 13 – heavy wind and rain</p> <p>28 October – Ward 13 – heavy wind and rain</p> <p>29 October – Ward 02 – Assessment done, son of family passed away due to natural causes</p>
Dec	05	<p>Ward 6, Strong wind caused damage to a roof of a house</p> <p>Ward 1, strong raid and wind damaged 2 rooms of a house.</p> <p>Ward 1, Heavy rain damaged 2 rooms of a house</p> <p>Ward 1, a room of a house was damaged due to rain</p> <p>Ward 6, house was damaged by fire.</p>
JAN	05	Heavy rain and wind caused damaged in several areas:

Ward	Affected Area	Damages	Assistance Required	Assistance Given
12	Ngunjini	2 Rooms And Furniture	Food Parcel & Plastic Sheeting	Food Parcel
12	Ngunjini	Roof And Side Wall	Food Parcel & Plastic	Food Parcel

Ward	Affected Area	Damages	Assistance Required	Assistance Given
			Sheeting	
12	Ngunjini	1 Room	Food Parcel & Plastic Sheeting	Food Parcel & Plastic Sheet
12	Ngunjini	1 Room, Blanket & Bed	Food Parcel, Blanket & Plastic Sheeting	Food Parcel
12	Ngunjini	1 Room	Food Parcel & Plastic Sheeting	Food Parcel & Plastic Sheet
12	Ngunjini	2 Rooms & Groceries	Food Parcel & Plastic Sheeting	Plastic Sheet & Food Parcel
12	Ngunjini	1 Room & Building Material	Food Parcel & Plastic Sheeting	Plastic Sheet
20	B1368 eMondlo	Building Material & 4 Rooms	Food Parcel & Blanket	Food Parcel
20	B1917 eMondlo	3 Rooms & Furniture	Food Parcel & Blanket	Food Parcel
20	B1998 eMondlo	2 Rooms & Furniture	Food Parcel & Blanket	Food Parcel
20	B934 eMondlo	2 Rooms & Furniture	Food Parcel	Food Parcel
20	B1959 eMondlo	3 Rooms & Furniture	Food Parcel	Food Parcel
20	B1882 eMondlo	3 Rooms & Blanket	Food Parcel, Blanket	Food Parcel
19	Unit C Kwa Zama	Door, Wardrobe, Birth Certificate	Food Parcel, Tents, Plastic Sheeting	
20	eMondlo	Windows & Decoder	Food Parcel, Plastic Sheeting	Food Parcels
12	Ngunjini	Tv & Groceries	Food Parcel, Plastic Sheeting	Plastic Sheet, Food Parcel
17	Emadresini	Windows	Food Parcel, Blankets	Food Parcel
17	eMondlo	Tiles	Food Parcel	Food Parcel
16	Emadresini	Side Wall Is Damaged	Food Parcel	
16	Emadresini	House Burnt By Lightning, Bicycle, 2 Bath Dish, Fork & Garden Spade Damaged	Food Parcel	
16	Emadresini	Corrugated Iron, Stove And Electric Meter box	Food Parcel & Gel Stove	
17	eMondlo	Two Rooms	Food Parcel, Plastic Sheeting	Food Parcel
16	Emadresini	Mud House Collapsed	Plastic Sheeting, Gel Stove, Food Parcel	Tent
18	eMondlo	Windows	Plastic Sheeting, Food	Food Parcel

Ward	Affected Area	Damages	Assistance Required	Assistance Given
			Parcel	
16	Emadresini	Corrugated Iron	Food Parcel, Blankets	Food Parcel
18	eMondlo	Window And 10 X Cement Bags	Food Parcel, Plastic Sheeting	Food Parcel
18	B2813 eMondlo	Roof Blown – 3 Rooms	Food Parcel, Blanket	Food Parcel
20	(B) eMondlo	Roof & Couchs	Food Parcel	Food Parcel
20	B173 eMondlo	Roof	Food Parcel, Blankets, Plastic Sheeting	Food Parcel
20	(B) eMondlo	1 Room	Food Parcel	Food Parcel
18	eMondlo	1 Room	Food Parcel	Food Parcel
18	eMondlo	Roof	Food Parcel	Food Parcel
18	eMondlo	Windows, Wardrobe & Bed	Food Parcel	Food Parcel
18	eMondlo	Livestock (Goat & Cows (3)	Food Parcel	Food Parcel
18	eMondlo	Rood, Furniture And Electricity Cables	Food Parcel, Plastic Sheeting	Food Parcel & Sheeting
18	eMondlo	Head Board, Wardrobe, Electricity	Food Parcel	Food Parcel
18	eMondlo	3 Rooms	Food Parcel	Food Parcel
19	Unit C Kwa Zama	Rooms & Groceries	Food Parcel, Soup Kitchen	Food Parcel
19	eMondlo (Kwa Maria)	Tv, Radio, Dvd, Stove & Roof	Food Parcel, Soup Kitchen, Gel Stove	Food Parcel & Plastic Sheeting
19	Block C eMondlo	Roof	Food Parcel, Blankets	Food Parcel
19	Block C eMondlo	Furniture, Stove, Roof	Food Parcel, Tent, Blanket, Gel Stove	Food Parcel
19	Block C eMondlo	House Fell Down	Food Parcel, Stove, Tent	Food Parcel
19	Block C eMondlo	Roof	Tent, Blanket, Plastic Sheeting	
19	Block C eMondlo	1 Room		
17	eMondlo eMadresini	Roof	Food Parcel, Plastic Sheeting	Food Parcel
14	Elosi	Roof	Food Parcel, Tent, Blanket X 3	
14	Elosi	Roof		
16	Kwathekwane	Room Burnt, Birth Certificate, Pension Card, I.D.	Food Parcel	
18	eMondlo A 371	Furniture & Roof	Blanket, Food Parcel	Food Parcel
12	Ngunjini	Roof	Food Parcel Plastic Sheeting	Food Parcel

Ward	Affected Area	Damages	Assistance Required	Assistance Given
12	Ngunjini	2 Sidewall Fell Down	Food Parcel, Plastic Sheeting	Food Parcel
12	Ngunjini	2 Rooms & Groceries	Food Parcel, Plastic Sheeting	Food Parcel
12	Ngunjini	Roof Damaged	Food Parcel, Plastic Sheeting	Food Parcel

10 January 2012	Ward 1	A Four Year Old Girl (Siyanda Mdletshe) Disappeared And Was Later Found Dead
15 January 2012	Ward 22.	An R.D.P. House In Lakeside Has A Leaking Roof, Causing Rain To Get Into The House.
19 January 2012	Ward 14	A Child Was Playing With Matches Which Started Fire That Burnt Down A Two Room House

**Heavy rain and wind caused damages in several areas:
DISASTER ASSESSMENT REPORT IN - WARD 1:**

Date	Affected Area	House-Holds Affected	Partially Damaged Structures	Completely Damaged Structures	Assist. Required	Assist. Given
21 Feb. 2012	Louwsburg (Ngoje)	29	36	24	Food Parcel Tents Blanket Building Mat.	None
21 Feb. 2012	Mbhokodweni	3	1	2	Food Parcel Tents Blanket Building Mat.	None
21 Feb. 2012	Mzamo	3	2	2	Food Parcel Tents Blanket Building Mat.	None
21 Feb. 2012	Kwaxamui	3	3	3	Food Parcel Tents Blanket Building Mat.	None
21 Feb. 2012	Ezitende	1	1	1	Tent Blanket	None
21 Feb. 2012	Mbongodini	1		1	Building Mat.	None
21 Feb. 2012	Thandanani	1	1	1	Blanket Tent	None
Total	7 Areas Affected In Ward 01	41	44	34	Food Parcels Tents Blanket Building Mat.	None

OTHER DISASTER ASSESSMENTS DONE IN FEBRUARY

FEB	45	<p>Ward 4, where a candle caused a fire to a house of the Madonsela Family on the 14th of February 2012</p> <p>Zulu Family – On the 20th of February 2012 a person, Sipho Philmon Zulu, I.D. 6612245636085, was fatally stroked by lightning in the Kwamzimba Area, Ward 5.</p> <p>Xulu Family – On the 20th of February 2012, a person, Elias ThembaXulu, was stroked fatally by lightning in the Kwamzimba Area, Ward 5.</p> <p>Ndwandwe Family - On the 21st of February 2012 a person, Snethemba Mbali Mtshali, I.D. 0101250993082, was stroked fatally by lightning in the Shoba Area, Ward 7.</p>
MCH	08	<p>Ward 1 and 6, Heavy rain and wind caused damages to houses</p> <p>Ward 11, fire destroyed a house</p> <p>Ward 2, lightning damaged a house</p> <p>Ward 5, a candle caused a fire</p> <p>Ward 11, fire destroyed two rooms of a house</p> <p>Ward 3, two children drown in a dam, and the older brother committed suicide in Johannesburg.</p>
APR	01	Bhekuzulu, where a washing machine burnt
MAY	07	<p>Ward 18, a house was damaged by fire</p> <p>Ward 1, house damaged by fire</p> <p>Ward 1, house damaged by fire</p> <p>Ward a, fire destroyed 11 rooms</p> <p>Ward 22, shack was damaged by fire</p> <p>Ward 1, candle caused fire damage to a house</p> <p>Ward 21, house was completely destroyed by a fire</p>
JUNE	16	<p>Ward 5 – Mazibuko Family, candle caused a fire</p> <p>Ward 5 – Khumalo Family, wind damage</p> <p>Ward 5 – Mncwango Family – Wind</p> <p>Ward 5 – Xulu Family – Wind</p> <p>Ward 5 – Bophela Family – Wind destroyed a roof</p> <p>Ward 7 – Zwane Family – Fire incident</p> <p>Ward 6 – Dlamini Family – a light caused a fire</p> <p>Ward 2 – Zwane Family, a candle caused a fire</p> <p>Ward 6 – Sibiya Family, a female passed away.</p> <p>Ward 12 – Mtshali Family, a cande caused a fire.</p> <p>Ward 17 – Sibiya Family, fire incident caused by a candle.</p> <p>Ward 7 – Mthethwa Family, fire incident.</p> <p>Ward 7 – Mgubeni Family, fire incident</p> <p>Ward 7 – Zwane Family, Fire incident.</p> <p>Ward 7 – Mntambo Family, Fire incident</p> <p>Ward 7 – Zwane Family, fire incident</p>
TOTAL	220	

2.1.8 MOTOR VEHICLE LICENSING

RESPONSIBILITIES

- Application for temporary permit
- Application for special permit
- Application for Traffic register Certificate
- De-registrations
- Duplicate Registration Certificate
- Licensing & Registrations

2.1.9 INCOME

MONTH	MUNICIPAL INCOME	KZN PROVINCIAL INCOME	RTMC	TOTAL
July	R209 756-40	R2 243 535-05	R66 636	R2 519 927-45
Aug	R204 863-71	R2 191 203-19	R76 644	R2 472 710-00
Sept	R200 707-05	R2 146 743-85	R75 564	R2 423 014-90
Oct	R171 290-00	R1 832 101-91	R70 308	R2 073 699-91
Nov	R170 993-78	R1 828 918-22	R75 564	R2 075 476-00
Dec	R147 176-11	R1 574 181-94	R80 604	R1 801 962-05
Jan	R225 141-82	R2 408 095-93	R89 064	R2 722 301-75
Feb	R195 612-89	R2 092 257-05	R73 656	R2 361 525-94
Mch	R192 481-60	R2 058 465-21	R73 116	R2 324 062-81
Apr	R170 988-04	R1 828 872-06	R68 328	R2 068 188-10
May	R222 167-92	R2 376 287-60	R76 998	R2 675 453-52
June	R176 604-72	R1 888 947-48	R67 212	R2 132 764-20
Total	R2 287 783-15	R24 469 609-49	R893 694	R27 651 086-63

2.20 NUMBER AND TYPES OF TRANSACTIONS CONDUCTED

MONTH	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MCH	APR	MAY	JUNE
Blank Permit	7	8	9	10	7	23	10	22	9	10	10	12
Temp. Permit	6	3	10	07	10	8	7	9	14	8	12	2
Spec. Permit	32	16	15	13	35	34	36	21	34	33	27	26
App For Trc	6	7	6	15	16	9	12	13	7	15	25	15
Duplvin/Eng	4	5	4	7	7	3	3	5	6	4	7	6
Dup R/ Cer	6	17	16	17	15	6	9	13	16	12	17	13
Licensing	2058	2415	1456	1945	2366	2405	2780	2272	2281	2052	2437	2041
Register	516	662	617	606	590	513	671	637	670	504	674	490
Reg Penalty	22	28	22	33	33	26	18	21	27	17	20	24
Lic Penalty	309	362	330	361	386	332	366	290	345	316	338	342
Lic Arrear	226	249	238	226	278	267	244	228	231	258	242	245
Man Charge	7	14	21	16	20	18	22	8	16	11	16	12
Trans Fee	1824	2131	2099	1918	2059	2200	2473	2004	2031	1843	2111	1834

2.21 DRIVERS LICENSE TESTING CENTRE

- Responsibly is:
- Renewal of Driving License Cards
- Temporary Driving Licenses
- Driver's License Applications
- Learners License Applications
- Issuing of Learners Licenses
- Examining of Driving Licenses for M/Cycles, Light- & Heavy Motor Vehicles, and all codes.

Professional Driving Permit applications and authorities

Duplicate Documents

2.22 LEARNERS LICENSES

MONTH	APPL.	FAIL TO ARR.	TESTED	FAILED	PASSED	% PASSED
July	412	40	372	208	164	46%
Aug	438	33	405	244	161	40%
Sep	427	27	400	247	153	38%
Oct	410	18	392	223	169	43%
Nov	392	25	366	228	138	38%
Dec	314	10	304	187	117	39%
Jan	388	15	373	209	163	44%
Feb	407	15	386	212	174	45%
Mch	417	25	392	229	163	42%
Apr	356	25	331	196	135	41%
May	433	23	410	227	183	45%
Jun	414	35	379	212	167	44%
Tot	4808	291	4510	2622	1887	42%

- Learners License Applications - 4808
- Learners license tested - 4510
- Learners licenses passed - 1887
- Learners licenses failed - 2622
- Applicants failed to arrive - 291
- Percentage of learners passed – 42%

BREAKDOWN OF LEARNERS LICENSE SESSIONS CONDUCTED (2 SESSIONS PER DAY) = 496 FOR THE YEAR

MONTH	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MCH	APR	MAY	JUN
L/L CESS PER MONTH	44	42	42	42	44	42	42	40	44	36	42	36

2.23 DRIVERS LICENSES TESTED FOR THE YEAR:

- Driver's License Applications - 1 891
- Applicants who deferred the Test 36
- Applicants who Failed to Arrive - 118
- Number of Drivers Licenses Tested - 1 734
- Drivers Licenses Failed - 1 057
- Drivers Licenses Passed - 677
- Percentage of Drivers Passed - 40%

MONTHLY BREAKDOWN OF DRIVERS LICENSE

MONTH	APPL.	DEFERS	FAILED TO ARRIVE	TESTED	FAILED	PASSED	% PASSED
JULY	206	5	9	192	125	67	34%
AUG	156	2	7	145	99	46	32%
SEP	144	6	7	130	76	54	42%
OCT	135	2	9	124	78	46	38%
NOV	194	2	8	184	128	56	30%
DEC	126	1	5	120	67	54	45%
JAN	135	6	11	118	68	50	42%
FEB	136	5	6	125	76	49	39%
MCH	129	3	13	113	74	39	35%
APR	211	3	20	188	110	78	42%
MAY	190	1	15	174	101	73	42%
JUNE	129	0	8	121	56	65	54%
TOT	1891	36	118	1734	1058	677	40%

SESSIONS:

Mon – Fri: 2 Rows of 7 tests p/day = 3458 d/license sessions for the year

MONTH	DRIVING LICENSE SESSIONS DONE PER MONTH
JULY	308
AUG	294
SEPT	294
OCT	294
NOV	294
DEC	294
JAN 2011	294
FEB	280
MARCH	308
APRIL	252
MAY	294
JUNE	252
TOTAL	3 458

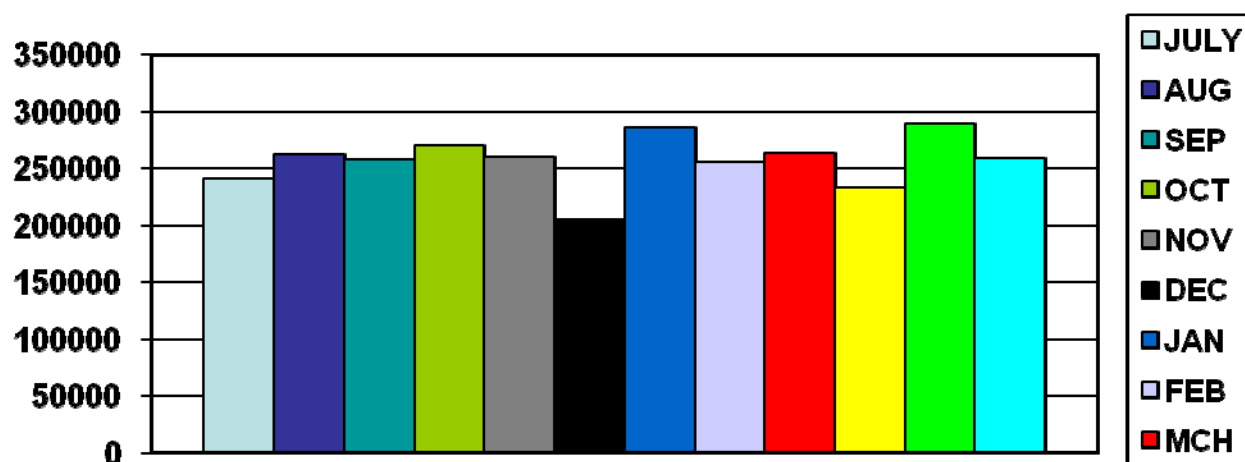
6.3 DLTC (TESTING STATION) INCOME

Annual Income from DLTC – R3 081 900

	D/ LIC CARDS	TEMP LIC	L/ L APP	L/L ISS	DRIVER TEST M/C	DRIVER TEST LMV	DRIVER TEST HMV	PRDP APPL	DUPL DOC	TOTAL
JULY	384 X R250 = R96000	96 X R90 = R8640	342 X R143 = R51 300	167 X R60 = R10020	2 X R220 = R440	54 X R250 = R13500	123 X R300 = R36900	156 X R150 = R23400	4 X R80 = R320	R240 520
AUG	442 x R250 = R110500	103 X R90 = R9270	367 X R150 = R55050	164 X R60 = R9840	2 X R220 = R440	55 X R250 = R13750	113 X R300 = R33900	195 X R150 = R29250	4 X R80 = R320	R262 320
SEPT	429 X R250 = R107250	93 X R90 = R8370	394 X R150 = R59100	153 X R60 = R9180	2 X R220 = R440	45 X R250 = R11250	109 X R300 = R32700	194 X R150 = R29100	6 X R80 = R480	R257 870
OCT	436 X R250 = R109000	86 X R90 = R7740	391 X R150 = R58650	177 X R60 = R10620	1 X R220 = R220	46 X R220 = R11500	152 X R300 = R45600	177 X R150 = R26550	7 X R80 = R560	R270 440
NOV	437 X R250 = R109250	84 X R90 = R7560	388 X R150 = R58200	145 X R60 = R8700	X R220 = R	56 X R250 = R14000	130 X R300 = R39000	154 X R150 = R23100	8 X R80 = R640	R260450
DEC	379 X R250 = R94750	123 X R90 = R11070	304 X R150 = R45600	120 X R60 = R7200	X R220 = R	36 X R250 = R9000	68 X R300 = R20000	106 X R150 = R15900	8 X R80 = R640	R204 560
JAN	481 X R250 = R120250	106 X R90 = R9540	456 X R150 = R68400	164 X R60 = R9840	1 X R220 = R220	41 X R250 = R10250	134 X R300 = R40200	172 X R150 = R25800	13 X R80 = R1040	R285 540
FEB	4374 X R250 = R93500	97 X R90 = R8730	469 X R150 = R70350	171 R60 = R10260	X R220 = R	4 X R250 = R10250	135 R300 = R40500	146 R150 = R21900	7X R80 = R560	R256050
MCH	402 x R250 = R100500	102 x R90 = R9180	437 X R150 = R71550	167 X R60 = R10020	5 X R220 = R1100	44 X R250 = R11000	128 X R300 = R38400	139 X R150 = R20850	6 X R80 = R480	R263080
APR	385 x R250 = R96250	95 X R90 = R8550	333 X R150 = R49950	138 X R60 = R8280	1 X R220 = R220	37 X R250 = R9250	130 X R300 = R39000	136 X R150 = R20400	12 X R80 = R960	R232860
MAY	496 X R250 = R124000	89 X R90 = R8010	412 X R150 = R61800	190 X R60 = R11400	5 X R220 = R1100	30 X R250 = R7500	143 X R300 = R42900	213 X R150 = R31950	11 X R80 = R880	R289540
JUNE	429 x R250 = R107250	89 X R90 = R8640	452 X R150 = R67800	171 X R60 = R10260	2 X R220 = R440	32 X R250 = R8000	111 X R300 = R33300	150 X R150 = R22500	6 X R80 = R480	R258670
TOT	R1268500	R105300	R717750	R115620	R4820	R129250	R442400	R290700	R7360	R3081900

Monthly breakdown: DLTC Income – 01 July 2011 to 30 June 2012

DLTC INCOME



2.24. DIVISION: MOTOR VEHICLES TESTING

Responsibilities:

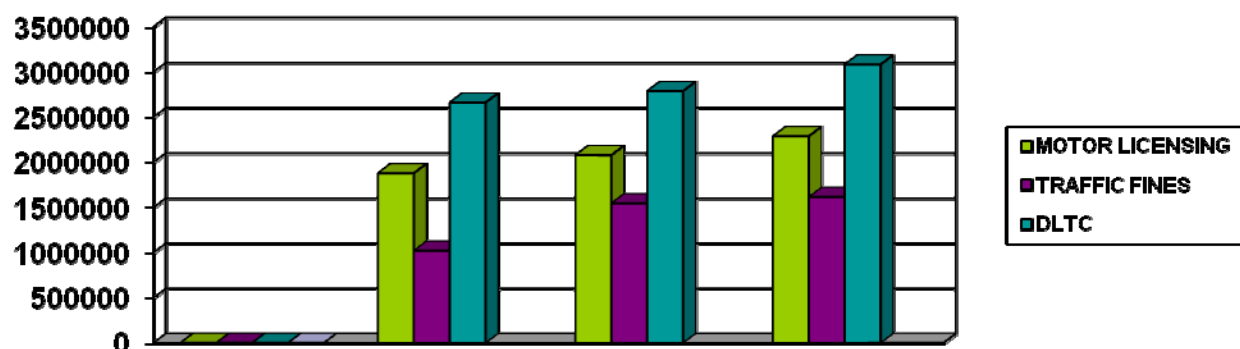
- Examining of all types of vehicles for roadworthiness
- Issuing of Certificates of roadworthiness

NO VEHICLES WERE TESTED DUE TO SHORTAGES OF EXAMINERS, WHICH LED TO THE TEMPORARY SUSPENSION OF THE VEHICLE TESTING STATION

2.25 INCOME - PUBLIC SAFETY

MONTH	MOTOR LIC. INCOME	TRAFFIC FINE INCOME	TEST STAT. INCOME	TOTAL PUBLIC SAFETY INCOME
July	R209 756-40	R110 250	R240 520	R560 526-40
Aug	R204 863-71	R118 150	R262 320	R585 333-71
Sept	R200 707-05	R139 150	R257 870	R597 727-05
Oct	R171 290	R160 550	R270 440	R602 280-00
Nov	R170 993-78	R140 620	R260 450	R572 063-78
Dec	R147 176-11	R66 200	R204 560	R417 936-11
Jan	R225 141-82	R158 200	R285 540	R668 881-82
Feb	R195 612	R99 000	R256 050	R550 662
Mch	R192 481-60	R149 750	R263 080	R605 311-60
Apr	R170 988-04	R133 700	R232 860	R537 548-04
May	R222 167-92	R173 600	R289 540	R685 307-92
June	R176 604-72	R166 450	R258 670	R601 724-72
Total	R2 287 783-15	R1 615 620	R3 081 900	R6 985 303-15

3 YEAR INCOME ANALYSIS PUBLIC SAFETY



	2009/2010	2010/2011	2011/2012
M/LIC:	R1 879 688	R 2 078 257	R2 287 783
FINES:	R1 022 025	R 1 546 150	R1 615 620
DLTC:	R2 661 889	R 2 788 747	R3 081 900

BUDGETED AMOUNT VERSUS INCOME

2.26 PERSONNEL

2.26.1 APPOINTMENTS

A new cleaner, Ms. Mhlophe, was appointed on the 1st of June 2012 at Public Safety to replace Ms. Mthethwa who went on early retirement at the end of February 2012.

2.26.2 EVALUATIONS

DIVISION	BUDGETED AMOUNT	INCOME
Motor Licensing	R1 717 600	R2 287 783
Traffic Fine Income	R1 659 640	R1 615 620
Dltc (Testing Station)	R2 802 920	R3 081 900
Total Income	R6 180 160	R6 985 303

Mr. B.W. Eckersley, the Management Representative, passed his evaluation as a Traffic Officer in Pietermaritzburg at the Traffic Training College.

Mr. L. Scwhab passed his evaluation as a Traffic Officer at the Traffic Training College in Boekenhoutskloof.

Mr. L. Schwab passed his evaluation as a Grade A Examiner of Driving Licenses in Boekenhoutskloof.

Mr. M.G. Mpontshane passed his evaluation as a Traffic Officer at the Traffic Training College in Boekenhoutskloof. Mr. N. Shangase passed his evaluation as a Traffic Officer at the Traffic Training College in Boekenhoutskloof.

2.26.3 TRAINING

Mt. M.D. Mthembu passed his Grade A Examiner of Driving Licenses at Boekenhoutskloof Traffic Training College.

Mr. Z.G. Nyoka passed his Grade A Examiner of Driving Licenses at Boekenhoutskloof Traffic Training College in September 2011.

2.26.4 RETIREMENTS

Ms. T. Mtethwa, the Cleaner at Public Safety, went on early retirement at the end of January 2012.

Mr. N.N. Nkosi, a Pits Assistant, went on retirement at the end of September 2011.

2.26.5 OTHER

Ms. BongiweMtshali, a Clerk at the Testing Station, passed away in June 2012.

2.27. PROGRESS/STRENGTHS

Appointment of New Cleaner – Post level 17

Purchasing and installation of new equipment for the Vehicle Testing Station – R 230 736.

Purchasing of new fire arms and ammunition for the Traffic Officers – R 170 000

Purchasing of new fire protective uniform – R 149 000

Purchased a robot camera – R 450 000

Purchased new speed measuring equipment – R 82 300

Leased a new fire engine and awaiting for the delivery

2.27.1. CHALLENGES

PUBIC SAFETY OFFICES

Public Safety has been operating on the Provincial Road Traffic Inspectorate's offices since 1993. Both institutions had a tremendous increase with regards to staff members in such a manner that the space is inadequate. The foyer that is currently used by the members of the public is very small in such manner that some of the people stand outside for the service that they require, sometimes in bad weather conditions. Our offices are not easily accessible hence they are about +/- 8 km out of town.

APPOINTMENT OF TWO EXAMINERS OF VEHICLES

The Testing Station is short of Examiners and that has resulted to the suspension of the Vehicle Test Station. The Council Executive Committee has resolved to uplift the suspension however funds are not available to buy the new equipment.

APPOINTMENT OF FIRE FIGHTERS

The Municipality is utilizing the Traffic Officers for examining of driving licenses, fire, rescue duties and disaster management duties. Such act is contrary to labour laws. Some of the Traffic Officers are not trained on fire fighting and rescue. As a matter of fact, civil claims have been made to the Municipality for the lack of proper fire services that resulted to the damage to properties. More civil claims are anticipated from the staff members.

DISASTER MANAGEMENT CENTRE

Our area is experiencing a lot of disaster incidents that needs proper co-ordination. The Disaster Management Act also requires the Municipality to have a Disaster Management Centre.

FIRE ENGINE

The fire engine that is currently used is 27 years old and is getting breakdowns now and again. The Afrimat private company had to assist with the repairs on the fire engine since it was strongly leaking water. A few years ago there was a fire at one of the big shops in town and the fire engine was out of order, one of the civil claims came from the same shop.

2.28. ITEMS THAT REQUIRES URGENT ATTENTION

Building of Public Safety Offices
Appointment of two (2) Examiners of Vehicles
Appointment of at least four (4) Fire Fighters.
Building of Disaster Management Centre
Procurement or leasing of a new Fire Engine.

ENVIRONMENTAL SERVICES

Environmental Services section is part of Community Services Department at Abaqulusi Municipality. It has the following subsections:-

- Waste Management
- Refuse sites
- Street sweeping
- Public ablution facilities
- Cemeteries and
- Primary Health Care Services

3.1. REFUSE SECTION

3.1.1 STREET CLEANING

The streets in the CBD are cleaned and swept on a daily basis:

Morning shift has four (4) general workers and two driver/supervisors. General workers clean and pick up litter from the streets coming into town and those are:-

Church Street coming from Maggot River,

- Road from Paul Pietersburg entering Emmet Street,
- Road from Traffic Department to the Old Age Home,
- Road from Lakeside intersection into East Street,
- Stretch Crescent Street from Lakeside intersection up to Cash Build robots,
- Road going up to the Industrial area and right up to the dumpsite.
- In and around the railway station long distance taxi rank.

The afternoon shift has ten (10) street sweepers and one driver/supervisor. They clean and sweep the following streets:-

- Church street- starting from Cashbuild robots to Republic Street,
- Mark Street from Cashbuild robots to Republic Street,
- Utrecht Street from the road going into Cecil Emmet right up to Republic Street,
- Mason Street between Church and Utrecht Streets and Demoniac Street.

3.2. PUBLIC TOILETS

- Railway Station Public Toilets
- There is one female toilet cleaner.
- These toilets are in good condition and they are opened even on weekends because they are used by long distance taxi commuters.
- Post Office Parking Toilets

There is one female toilet cleaner.

These toilets are very difficult to keep clean and in good working order all the time due to the young car washers that disconnect sink pipes to fill their buckets with water and as a result toilets are always filthy, smelly and floors are always wet due to leaking water pipes, taps and broken toilets. A few years back an attempt to remove these car washers failed because they demanded the Municipality to give them an alternative place where they could continue with their business. That, however, posed a very big challenge to the Municipality as there was no suitable land to give them.

A request to fix these toilets was submitted to the Supply Chain Office for procurement. This is expected to be done soon after the start of the new financial year. Thereafter, the problem of car washers will have to be dealt with aggressively, since damage to these toilets has unnecessary financial implications to the Municipality.

3.3. BUS AND TAXI RANKS

3.3.1. VRYHEID PLAZA RANK

This rank has a problem of shacks which have a very negative visual impact, especially for people visiting our town. Besides, those shacks are said to be used by criminals. Some shack owners even sleep in them, resulting in the pollution of the stream behind because there are no toilet facilities, hence there is night soil and all kinds of dirt all around the area, which is an environmental health hazard. In terms of the Environmental Waste Management Act, pollution of this nature is a health hazard and is therefore punishable by law. The Plaza manager was requested to clear them, and was advised to ask for help from the SAPS in removing dwellers and demolishing the shacks.

Hawkers have been provided with bins next to their stalls which helped in keeping the area less littered.

Toilets are always kept clean because there is a full time cleaner who supplies the public with toilet paper.

There has, however been a problem in windy weathers when papers from Plaza get blown into the streets where Municipal street sweepers have already cleaned. This because Plaza cleaners sweep early in the morning, while the Municipality cleans in the evening.

3.3.2 SHOPRITE TAXI RANK

This rank is always kept clean because the cleaner from Shoprite sweeps every morning. However, there was a problem of dumping litter at the exit which was sorted out by talking to the Shoprite Manager as well as by talking to the shop owners in the vicinity, who were also given notices on how to handle their

3.3.3. RAILWAY STATION TAXI RANK

There is only one general worker allocated to clean this rank daily. However, there is a problem of people who wash their taxis and thereafter leave the area muddy and dirty. There are also hawkers who make open fires to cook meals for selling. They are constantly reminded on how to dispose of their coals and ashes properly.

3.4. OVERGROWN RESIDENTIAL SITES

There were 24 overgrown sites that were cut by Quantum Leap and the cost added onto the house owners' water and lights accounts.

3.5. REFUSE SITES

3.5.1. Vryheid Dumpsite.

This site is operating with very old machinery which often breaks and has used up a lot of municipal funds trying to repair them. As a result waste is still uncovered and that is against the Minimum requirements for Waste Disposal by Landfill.

There were at least three incidents of dumpsite fires which occurred in the last financial year. The Municipality was able to control those fires using its resources i.e. water tankers, fire engine, front end-loader and tipper trucks.

Plans to establish a new landfill site are underway. In July 2010 the National Department of Environmental Affairs appointed a Service Provider, Gravitas Consulting, who are now in their last stages of the EIA and the licensing of the Landfill site. Very soon, this company will start with the construction of the new site which will be the extension of the existing site. They will also have to rehabilitate the old site, restoring boreholes, put up fencing, weighbridge, buildings and signposting.

There is however, an anticipated delay in the commencement of this project, because there are squatters around the dumpsite which need to be moved before the construction begins as there is going to a lot dust produced, posing danger to health.

The area to locate these people has been identified and a survey to verify the number of households to be moved has been started and there are 120 households. The Acting Municipal Manager has employed about ten (10) temporary workers who are presently going from house to house gathering information on the number of people in each household and to get how many people are actual beneficiaries of the Lakeside Phase 6B low cost houses. That information will then help in the planning for the actual moving of these squatters.

3.5.2. eMondlo Dumpsite.

This site is no more used and waste from eMondlo is being transported in closed municipal compactor trucks and disposed in Vryheid landfill site.

GRAVITAS, the Service Provider to implement the dumpsite project, is presently processing the application for closure of that site. However, the cost implications for the actual closure and the establishment of a Transfer Station will have to be carried by the Municipality.

3.5.3 Louwsburg Dumpsite.

This is a very informal dumpsite which has no license and no maintenance done.

However, studies to close the site have been done and a suggestion was made to have a transfer station, considering the estimated volume of waste produced by the community of Louwsburg.

Again the costs to close that dumpsite and to establish a Transfer Station will be carried by the Municipality.

HLOBANE, CORONATION, VAALBANK, THUTHUKANI VILLAGE AND KWAMNYATHI

The above areas will have to have their own Transfer Stations because of the distance to Vryheid regional landfill site.

REFUSE REMOVAL SERVICE PROVIDERS.

3.6.1. PURE MAGIC CC

This contractor removes refuse from Vryheid, Bhhekuzulu, Lakeside, Vaalbank, Coronation, Hlobane no. 2, Thuthukani Village and Hlobane.

This contractor is distributing black refuse bags on a monthly basis to the above areas.

There were occasions where there were no proper trucks removing refuse and that caused a lot of dissatisfaction especially from the town residents.

Their contract will expire on the 31st of May 2013.

In order to monitor, educate and sort out problems monthly meetings are held with the Environmental management staff.

3.6.2 eMONDLO REFUSE REMOVAL

INNOB is the contractor whose service was terminated in March 2011 due to poor performance.

The Municipality took over this refuse removal service and is doing very well. There are five temporary general workers who were specially employed for eMondlo refuse removal.

There are about 3600 households at eMondlo from where refuse is presently removed.

Four (4) black refuse plastic bags are supplied to each household on a monthly basis.

3.6.3. LOUWSBURG REFUSE REMOVAL

There is Mr. Vermaak who is contracted with the Municipality to remove refuse at Louwsburg. His contract is renewable every month but unfortunately was not given a specification on how to operate. As a result there are numerous complaints from the public about his service an advert to appoint a new refuse removal contractor will soon be out.

3.7 ILLEGAL DUMPING

This is a big problem in every town. This is seen to be a problem of ignorance and negligence on waste management issues by the public. Pure magic attempted to remove them on a weekly basis, but they remain a huge problem in the whole of AbaQulusi.

The Municipality also tried to intervene in removing these dumps from open spaces, pavements and vacant sites at Bhhekuzulu and EMondlo.

There is also an Adopt-A-Spot-Programme which needs to be implemented once the council has seen and approved it.

Flyers on how to manage household refuse were distributed in areas where dumps were removed.

3.8 CLEANING CAMPAIGNS

3.8.1. Bhhekuzulu Cleaning Campaign

Pure Magic, our refuse removal contractor did an illegal dump cleaning campaign on the 6th of March 2012 in Bhekuzulu. They successfully removed about 60 truckloads of refuse.

Again on June 2012 the community of Bhekuzulu came together to clean certain areas where illegal dumps were an environmental nuisance.

The municipality assisted them with trucks, a front-end loader, hand held tools and our refuse truck picked up the full bags for disposal.

3.9. THE GREENEST MUNICIPALITY COMPETITION

In July 2011 there was a Zululand Greenest Municipality Competition where all five (5) local Municipalities were competing against each other, namely AbaQulusi, Paul Pietersburg, Pongola, Ulundi and Nongoma.

The following departments contributed towards winning this competition:-

- Environmental services
- Parks and Gardens
- Tourism
- Finance
- Electricity
- Water and Sewer and
- Fleet Management

AbaQulusi Municipality obtained position one in Zululand. We were, unfortunately defeated at the Provincial level.

3.10. REFUSE COMPLAINTS.

Most of the complaints received were for Pure Magic and were immediately resolved. The contract supervisor, Mr N. Khanyile comes to the office every morning to check for complains and attends to them.

There were 105 complains received and 90% were successfully resolved, 10% of them were difficult to resolve because they were mostly on illegal dumping. Shortage of vehicles and machinery in this department is sometimes a challenge therefore removal of illegal dumps is rather on the slow pace.

3.11. HOUSEHOLDS RECEIVING BASIC SOLID WASTE REMOVAL SERVICE.

70% of households in AbaQulusi are receiving a basic solid waste removal service on a weekly basis and the rest of the population is in rural areas.

The following households are presently serviced:-

- Louwsburg_1100
- eMondlo_3606
- Vryheid_5000
- Bhekuzulu_3820

- Lakeside_797
- Vaalbank_105
- Hlobane_52
- Coronation-751
- Thuthukani Village_245

There are no new households added at AbaQulusi so far, therefore the above number remains the same. However, there are new middle cost houses that are under development in Extension 13 as well as in Phase 16 and those are low cost houses. They will be added in the refuse removal list in due course.

3.12 BUSINESSES IN URBAN AREAS RECEIVING REFUSE REMOVAL SERVICE.

90% of businesses in Vryheid CBD receive refuse removal services on a daily basis. Industrial areas in Vryheid town are removed on a weekly basis. However, in all small towns of AbaQulusi business areas are removed weekly with the removals from households.

3.13. DEVELOPMENT AND REVIEW OF WASTE MANAGEMENT STRATEGY.

All the local municipalities use and are guided by the National Waste Management Strategy.

3.14. DEVELOPMENT AND REVIEW OF WASTE MANAGEMENT PLAN.

Mphebatho Environ-Link, the Environmental Consultants developed an IWMP for AbaQulusi Municipality in 2011. The final copy was submitted to the Department of Environmental Affairs for perusal and approval; thereafter it will be sent to the MEC for endorsement and returned to the Municipality. Implementation of the plan will be done once it is approved by Council.

3.15. VECTOR CONTROL IN REFUSE SITES.

Proper management in all our refuse sites is not done due to lack of resources and capacity, therefore vector control is not done. Very soon Vryheid landfill site will be rehabilitated by Gravitas, the company appointed by the National Government to establish a new site for the Municipality, thereafter controlling of vector will be done.

3.16. STAFF COMPLIMENT.

This section is operating with a skeleton staff, for example street sweepers are only cleaning Vryheid CBD and there is only one street sweeper for Louwsburg town. There are no cleaners in other small towns of AbaQulusi, and therefore residents in these towns have always been complaining of living in dirty surroundings and regarded that as the Municipality's failure provide them with efficient service delivery. The Municipality has, however, been having financial problems in employing more staff in Refuse section. It is hoped that more workers will be added in the next financial year.

3.17. CHALLENGES IN THE SECTION.

Staff shortage

Demotivated staff

Burn out, especially for workers who have been doing street sweeping for fifteen years or more without being promoted or changed to other departments.

There are workers who put priority on getting overtime but are less productive in their work.

Repairs especially of public toilets is a problem in that there are no plumbers who are dedicated to fix Municipal toilets, this Department always rely on plumbers who deal mostly with water and sewerage pipes, who hardly have time to attend to toilets.

There is a shortage of vehicles to render services like trucks and tractors to deal with illegal dumps and remove rubble and garden refuse in small towns.

No machinery to operate on the dumpsite, which will compact and cover waste with soil hence fires break out very often especially in winter months when waste is dry.

The maintenance of the dumpsite was wrongly placed at Community Services instead of Technical Services where there are people with engineering skills as well as machinery and operators of machines used at the dumpsite.

3.18. RECOMMENDATIONS FOR THE SECTION

Employment of more general workers who will do cleaning in small towns.

Employ a Health practitioner who is going to deal with health issues in AbaQulusi, instead of relying on one health inspector from the Zululand District who has to service the whole district and end up not coping with the load of work.

The Municipality to have a promotional policy in place which will stipulate the number of years a worker can stay in the department before being rotated to other sections.

Increase the Waste Management Budget so as to be able to purchase machines, vehicles and morbitainers for the department as well to employ more staff for small towns.

CEMETERIES

There are seven (7) cemeteries in AbaQulusi which are a municipal responsibility, and those are:-

- Vryheid
- Bhekuzulu
- eMondlo
- Coronation
- Hlobane
- Nkongolwane and
- Louwsburg.

3.19.1 IDENTIFICATION OF SUITABLE CEMETERY SITES.

Presently, there is still sufficient space in all cemeteries for the next 5 to 10 years. However, the Municipal Department of Development and Planning was engaged and gave us a list of Municipal land that can be looked at for cemetery purposes.

3.19.2. ROUTINE CEMETERY MAINTENANCE

Maintenance on all cemeteries is done on a daily basis except in Coronation, Louwsburg and eMondlo where there are no cemetery general workers. However, a request to employ more cemetery workers in the next financial year was approved.

In Vryheid graves are dug using the cemetery TLB, thereafter workers trim them to make them ready for burials.

Digging of graves in eMondlo is done by a service provider called Inqolobane Civils and payment is done per grave dug.

In other small towns where there are no workers, temporary employees were once used to remedy the situation, but it was stopped due to financial constraints. The TLB sometimes helps in digging graves, although this is also an expensive exercise where the machine has to be driven to small towns every six to eight months to dig graves.

There is also a cemetery maintenance schedule which ensures that maintenance is done in all our cemeteries. However, the caretaker is sometimes faced with a challenge of the shortage of staff to send to other cemeteries for grass cutting, trimming of graves and filling in of collapsed graves.

3.19.3 FENCING AND ERECTION OF THE CEMETERY WALL

All our cemeteries need fencing which presently, the Municipality cannot afford, more so because they should be fenced at least with something strong like concrete palisade, since previously steel fence poles got stolen and sold to the scrap yards. There are however, plans to source MIG funding to assist with cemetery fencing.

The erection of a cemetery wall between the graveyard and the residents in Spoor Street was put on hold because of the budget. However, it is going to be done in this financial year because it is budgeted for.

3.19.4. STAFF COMPLIMENT

The number of workers in each cemetery is as follows:

- Vryheid – Nine (9) general workers and one caretaker
- Bhekuzulu – None, because the cemetery is full and is no used anymore,
- eMondlo – None and yet this is the biggest cemetery
- Hlobane – Two general workers
- Nkongolwane – Two general workers
- Coronation – None
- Louwsburg – None

3.19.5. FUNERAL STATISTICS AND FUNDS COLLECTED VRYHEID CEMETERY

- Adult burials - 305
- Children - 81
- Memorials - 133
- Pauper burials - 9
- Funds collected = R 126.522.30

eMONDLO CEMETERY

- Adults - 316
- Children - 23
- Memorials - 0
- Funds collected = R 35262.70

NKONGOLWANE CEMETERY

- Adults – 39
- Children – 3
- Funds collected = NIL

HLOBANE CEMETERY

- Adults – 44
- Children – 6
- Funds collected = R 11.754.70

On the 15th of September 2011 there was an exhumation of the body of Paulos Nyandeni by Zuntal Funeral Services from Vryheid cemetery to be buried at Mvunyanene area, for the purpose of a post mortem and inquest.

3.19.6. CHALLENGES

The need to fence all our cemeteries is imperative, though the Municipality is financially not able to do so.

Staff shortage in all cemeteries is a big problem and there are those that are not staffed at all.

Supervision is lacking especially in small towns because there is only one Cemetery Caretaker for AbaQulusi cemeteries and that poses a challenge to him in regards to proper supervision.

Insufficient machinery for effective maintenance e.g. TLB to dig graves in distant areas like Louwsburg as well as heavy duty lawn mowers to cut grass in open spaces used for parking like in eMondlo Cemetery.

Application of cemetery tariffs across all cemeteries. For example Nkongolwane has two municipal cemetery workers but the public does not pay burials whereas in Louwsburg the community pays for burials but there are no cemetery workers and at times they dig for

themselves if the TLB was not able to go and help them. In eMondlo the community pays for burials but there are no workers to clean the cemetery grounds.

The cemeteries have no security guards, except in Vryheid cemetery where only one was posted two months ago but for daytime only. There are reported cases of vandalism and cows walking over the headstones damaging them.

3.19.7. RECOMMENDATIONS FOR THE SECTION.

To develop The Cemetery Policy to ensure the smooth running of all cemeteries.

To implement the prescribed tariffs for each cemetery for the Municipality to be able to financially sustain our cemeteries.

To employ enough cemetery general workers to equally maintain all the cemeteries.

To employ at least an Assistant Cemetery Caretaker who is going to help the present caretaker and supervise the other cemeteries, hence efficient service delivery.

To post at least a twenty four hour security for each cemetery and at least two guards per shift for safety reasons.

To erect guardrooms and ablution facilities in all cemeteries as presently there are none.

To purchase ride-on lawn mowers for easy cleaning and grass cutting especially in large spaces.

3.20. PRIMARY HEALTH CARE CLINIC

3.20.1 STATUS OF THE CLINIC

This clinic is situated at the corner of church and Mason streets. This is a shared health service between the Provincial Department of Health and Abaqulusi Municipality.

However, since 2005 there has been talks of provincialization of this clinic, where the staff employed by the Municipality will be taken by the Health Department. The taking over has eventually been confirmed to take place on the 1st of July 2012.

There are outstanding documents that need to be submitted to the Health Department though, and those are on the Municipal assets that are in the clinic and the details of the lease agreement of the clinic building which is presently being dealt with by the relevant municipal departments.

There are presently two (2) municipal employees at Mason clinic i.e. the Administration clerk and a cleaner. There are two (2) vacant nurses' posts which will be filled by the Provincial Department of Health after they have taken over the Mason Street Clinic.